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# **Legislative Assembly of Ontario**

Second Session, 39<sup>th</sup> Parliament

# **Assemblée législative de l'Ontario**

Deuxième session, 39<sup>e</sup> législature

## **Official Report of Debates (Hansard)**

Wednesday 27 October 2010

## **Journal des débats (Hansard)**

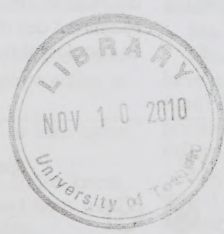
Mercredi 27 octobre 2010

### **Standing Committee on Estimates**

Ministry of Training, Colleges  
and Universities

### **Comité permanent des budgets des dépenses**

Ministère de la Formation  
et des Collèges et Universités



Chair: Garfield Dunlop  
Clerk: Douglas Arnott

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## LEGISLATIVE ASSEMBLY OF ONTARIO

## ASSEMBLÉE LÉGISLATIVE DE L'ONTARIO

STANDING COMMITTEE ON  
ESTIMATESCOMITÉ PERMANENT DES  
BUDGETS DES DÉPENSES

Wednesday 27 October 2010

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*The committee met at 1550 in room 151.*MINISTRY OF TRAINING, COLLEGES  
AND UNIVERSITIES

**The Chair (Mr. Garfield Dunlop):** I call the meeting to order.

Welcome to the minister and the staff of the Ministry of Training, Colleges and Universities.

There's a total of three hours and eight minutes remaining. When the committee adjourned, the government party had finished its turn. We will now start the next round of questioning with the official opposition for 20 minutes, followed in turn by the third party and the government for their next rounds.

I now recognize the official opposition, and you have 20 minutes, Mr. Hillier.

**Mr. Randy Hillier:** Thank you, Minister, for being here on this lovely afternoon.

I want to start with a few questions on this TCAF, which of course is a fund for insurance purposes for private career colleges. I've been having a lot of difficulty finding exactly the financial state of that fund. We've seen that there have been increasing demands by your government for premiums from the private career colleges. Can you tell me how you determine what that level of taxation is on those private career colleges?

**Hon. John Milloy:** I don't agree with the use of the word "taxation." The TCAF came into effect very recently as a student protection. We ask private career colleges to fund this TCAF so that a student who is somehow displaced—and we'll get into the rules and regulations on it—has access to an insurance fund. That sort of funding exists in a number of places.

**Mr. Randy Hillier:** No, my question is, how do you determine, sir, how much each career college provides to that fund?

**Hon. John Milloy:** Sure. I just wanted to take issue with the word "taxation."

I'm going to turn it over to the deputy. I also know, through the deputy, that we have individuals here from the private career college branch, or other folks.

Deputy?

**Ms. Deborah Newman:** Thanks very much, Minister. Deborah Newman, deputy minister. I'm going to actually ask Nancy Naylor, our assistant deputy minister for post-

secondary education, to respond to your question, Mr. Hillier.

**Mr. Randy Hillier:** All right.

**The Chair (Mr. Garfield Dunlop):** Please go ahead.

**Ms. Nancy Naylor:** Sure. Thank you. As the minister mentioned, the TCAF fund was set up with the new PCC act—

**Mr. Randy Hillier:** No, I want to know how you determine the level of premiums or taxation—whatever term you want to use—for each private career college.

**Ms. Nancy Naylor:** I apologize that I don't have the specifics in front of me. We'd be happy to give them to you. They are graduated by size. They were established in consultation with the industry in order to establish a fund that could be reasonably expected to support the train-out costs if there were examples of PCCs that had to close.

**Mr. Randy Hillier:** Can we get the answer to that question a little bit later on?

**Hon. John Milloy:** Yes, we'll provide it.

**Mr. Randy Hillier:** Okay.

**Ms. Nancy Naylor:** I think you had also asked about the current state of the fund. The current balance in the fund is about \$4 million.

**Mr. Randy Hillier:** About \$4 million. That's enough to ensure any foreseeable demands on that fund?

**Ms. Nancy Naylor:** To date, it has been. We have supported the train-out costs of students in a very few institutions that have either closed or been asked to close. To date, it's been sufficient to meet all of those demands. The fund is reaching a level of financial health and stability that the industry is supportive of.

**Mr. Randy Hillier:** Maybe you can answer: How much have those premiums gone up from year to year?

**Ms. Nancy Naylor:** We can get those answers for you.

**Mr. Randy Hillier:** Do the private career colleges have access to those financial figures of that insurance fund? Because it really is an industry insurance fund. Do private career colleges have access to all the financial information of that fund that they're funding?

**Ms. Nancy Naylor:** Yes, it's a public fund, so we would report on that. I know, in conversations with the industry associations—I've heard verbal reports on it, so I understand that we also give them written reports but I cannot—

**Mr. Randy Hillier:** But they are available to all private career colleges?



**Ms. Nancy Naylor:** Yes.

**Mr. Randy Hillier:** So they can see what level of expenditures the fund has been engaged in, how much has been spent and how much—

**Ms. Nancy Naylor:**—has been drawn down.

**Mr. Randy Hillier:**—how much revenue—maybe we can make those financials available to the committee as well.

**Ms. Nancy Naylor:** Sure. I would just add as well, it is governed by a board that is drawn from the private career college industry, so there are representatives and they're encouraged also to maintain good communications with their—

**Mr. Randy Hillier:** I understand that there have been quite substantial increases in the premiums or taxes, whichever way you want to frame it, once again, over the last period of time over and above what would be normally expected.

I guess that leads into the next question on these private career colleges: How many private career colleges have had their licence or registration revoked by the ministry in the last year?

**Ms. Nancy Naylor:** We have revoked just one PCC registration but we have taken enforcement action against a number of PCCs. In some cases, they are unregistered private career colleges. We have issued some form of enforcement action to over 100 and some form of financial penalty to 92.

**Mr. Randy Hillier:** So financial penalties to 92, and over 100 in total that there has been some level of enforcement?

**Ms. Nancy Naylor:** Yes. We've taken steps to stop 136 unregistered PCCs. A lot of our enforcement actions do relate to businesses that are operating or offering courses at a level of tuition or at a duration of a course that would bring them within the umbrella of the regulation of the Private Career Colleges Act.

**Mr. Randy Hillier:** Have most of those firms or institutions since gone on to register and comply with the regulations as a private career college?

**Ms. Nancy Naylor:** I would say the story is mixed. Some of them basically tell our enforcement officers, "I'm sorry. We had no idea." Their compliance is very quick and we're always happy to help them register and set up shop as a registered private career college, and we're facilitating their program approvals to do that. In some cases, the business or entity that we have contact with isn't interested in pursuing a registered route, so they close up.

**Mr. Randy Hillier:** Okay. The one licence that was revoked, then, would be the Niagara-on-the-Lake Culinary School, I take it?

**Ms. Nancy Naylor:** Actually, I don't know if that—we have had enforcement actions against the Niagara culinary institute—

**Mr. Randy Hillier:** The licence was suspended. It went to tribunal and then the tribunal reinstated the licence. So I'm wondering, are there others in that same position as Niagara culinary school?

**Ms. Nancy Naylor:** There are a very small number that have proceeded to a hearing at the licence appeals tribunal. In many cases, we reach a settlement with them. Our interest is making sure that students are protected, so we are always open to a settlement on terms that would restore the business to an operating position that meets the needs of students and respects the terms of—

**Mr. Randy Hillier:** Over the last two or three years, has there been an increase in numbers of private career colleges, or has there been a decrease province-wide?

**Ms. Nancy Naylor:** I'm sorry, I have some numbers about our current registrations. I can't speak to what the history is, but we could get you that information.

**Mr. Randy Hillier:** I'd like to see how we're trending on this. Are we increasing? Of course, we've heard from the government, from the minister, about the value of private career colleges and how they need to recognize the great services that they provide to people.

This Niagara culinary school, of course, is a very—this story raises significant concerns to all of us when the superintendent of private career colleges revokes a licence; it's then appealed to a tribunal. Of course, the business is destroyed as soon as the licence is revoked. That is a devastating and irreparable action on any business but especially a private college. The tribunal, of course, found—well, I'll read it. "The tribunal is satisfied that there is no reason to be concerned about student safety.... The tribunal is also satisfied that the current students are receiving the training for which they contracted."

1600

Even the two students who did make a complaint described the college as very involved in the welfare of the students. Finally, "Accordingly, the tribunal orders the immediate suspension to be lifted" for Niagara-on-the-Lake Culinary School.

As I said, irreparable damage has been done to that private career college, and the tribunal, on appeal, realized that there were no grounds to do so. Even though the superintendent had the authority to do so, there were no grounds.

What remedies have you put in place to ensure that this does not happen again, where the superintendent revokes a licence where there truly were very little grounds or no grounds to do so in the first place?

**Hon. John Milloy:** If I can jump in, I think, Mr. Hillier, those individuals who dealt with the case might disagree with the premise of what you've said.

**Mr. Randy Hillier:** I have no doubt that they would disagree.

**Hon. John Milloy:** I have to apologize. Allan Scott, who is the superintendent of private career colleges, has been delayed. He's one of the officials who has been asked to accompany me here. I don't know if there's a way that we could put some of the PCC questions—he's supposed to be here, the deputy tells me, momentarily. That might be a better way to proceed. I apologize. I don't know—



**Mr. Randy Hillier:** No, I certainly don't mind going on to some other subjects, if Allan Scott will be here later today, or we can extend the length of time for the committee—

**The Chair (Mr. Garfield Dunlop):** Try to use this 20 minutes.

**Mr. Randy Hillier:** I'll go on to this question: We know that there is a desire for private career college activities to be recognized as equivalent to community college programs. The apprenticeship programs are a good example of this. We have a number of private colleges that are doing pre-apprenticeship training. Once they train those people to a high level, to an industry standard, to help them get recognized as apprentices, they still have to go back into the community colleges afterwards, in their first term of the apprenticeship, to repeat the same training that they've already received in the private career colleges.

I know a number of these career colleges have made applications to MTCU that their programs are recognized as equivalent. Can you tell me how many applications you have received and how many you have approved for equivalencies?

**Hon. John Milloy:** Sure. Information of that nature we'll provide. As you know, the common practice here with technical questions like that—we can get you that data, but we could also talk a little bit. As you know, there is a system where an institution can become a TDA for apprenticeship. Certainly, if you'd like, I can ask, through the deputy, the deputy or an official to talk about the criteria that a TDA would have to meet so that they could provide the classroom portion of apprenticeship training. Would that be helpful to you? You asked for very specific numbers about applications—

**Mr. Randy Hillier:** Yeah. I know something that you've spoken about, that your ministry has spoken about, is recognizing those equivalencies, and I want to see just how we're making out in that regard, because my understanding is that there has been a substantial number of applications made for MTCU to recognize that equivalency, but none have been approved—none at all—on the apprenticeship side. So that's what I would like to see, because there is a huge cost to society—not only to the individual, but a huge cost to society—when people have to repeat the same activities but not gain any greater outcome.

For a pre-apprentice who does all his training, pays his tuition and is hired as an apprentice, to then have to go back to community college is redundant if the level of training is the same in the pre-apprenticeship program in the private career college. That's why I want to see just how many applications have been received, how many have been deemed equivalent and what justification is being used if there haven't been a number of highly positive responses on it.

**Hon. John Milloy:** As you're aware, decisions about a TDA are not made at the level of minister, they're made within the ministry. I'm just conferring with the deputy, whether the deputy or one of the officials can come

forward and speak a bit about the TDA applications that have come in and provide you with as much information as we can. Deputy?

**Ms. Deborah Newman:** Thank you, Minister.

Mr. Hillier, we don't have the actual numbers here but we will endeavour to get back to you on that. If it would be helpful, we can certainly outline the process, the criteria and so on.

**Mr. Randy Hillier:** I'm sure the process is fair, reasonable and legitimate. What I'm looking at is, is the outcome fair, reasonable and legitimate? We know the process will be—you'll have your criteria. I want to see what that outcome is because we see that it appears there's a significant disadvantage to these private career colleges competing in the marketplace and a huge cost, an additional burden, for students and for society. Everybody who goes into that apprenticeship program in the community college and gets the schooling redone—we are paying that institution, those professors. We're also often paying unemployment insurance, and paying the cost of the program. And there's a cost to the employers, as well, for lost time for those apprentices.

**Hon. John Milloy:** Although, Mr. Hillier, in fairness—I understand the point you're making—to become an apprentice you need to participate in an approved program. If a student decides to pursue a course related to a particular trade which is not an approved program, that student has that right to do it but that student cannot at the end expect it to be approved. If they have to then go into an approved program—

**Mr. Randy Hillier:** No, no, you're missing the point altogether, Minister. I went through the apprenticeship program so I understand the apprenticeship program very well.

An individual who goes to recognized pre-apprenticeship training in a private career college—they're providing that level of education and practical experience to get that person into the apprenticeship program. Many of these colleges have applied to your ministry for recognition that their program is equivalent to the first-year education component delivered by the community colleges, right? They haven't been approved. The ones that I've talked to have not been approved, even though all the evidence suggests that they are delivering a curriculum equal to the community college. So we're making that apprentice redo that first-year component of his education, after he's paid for it privately and after it's been delivered.

Those private career colleges have asked your ministry to recognize their training program and they have not heard back what they have to do in order to have their program recognized as equivalent. They're not getting any response back from your ministry about what they need to do in order to have equivalency established.

**The Chair (Mr. Garfield Dunlop):** We've got to clean this up in the next 30 or 40 seconds and then go to the next round. Minister, do you—

**Hon. John Milloy:** I go back to it. As I say, part of what Mr. Hillier is saying is his opinion. We have a



process in place. If you want to be a TDA, you come forward, you apply. If the application is not approved, then you're not a TDA.

**Mr. Randy Hillier:** But they're not being told what they need to do.

1610

**Hon. John Milloy:** I know, but first you're telling us that they've met all the criteria, in your opinion, but they haven't in the ministry's opinion.

We will get you the information about the criteria and the applications that come forward. To be very honest with you, if you want to bring us specific cases, we're always happy to follow up and make sure that the sort of feedback they want takes place.

**The Chair (Mr. Garfield Dunlop):** Okay. That's all we've got in this 20 minutes. Thank you.

I will now go to the third party. Mr. Marchese.

**Mr. Rosario Marchese:** Minister, a couple of years back, part-time college professors were trying to organize themselves into a union—and support employees, of course. It was the only place in Canada I'm aware of where they couldn't organize to have a union. There was a charter challenge that you would have faced eventually on that matter. International labour organizations have written, saying that it was discriminatory that Ontario was doing that. We asked you a couple of questions on the matter.

It took them, in essence, about two long years to try to persuade the government to pass legislation that would allow them to organize, and finally, you did. In October 2008, your government amended the Colleges Collective Bargaining Act to enable part-time college academic and support employees to organize. You were proud of that legislation, I'm assuming, correct?

**Hon. John Milloy:** Very proud of it, and I appreciated your support.

**Mr. Rosario Marchese:** I was happy to give the support.

My sense is that you probably would know the cost that colleges would incur, should they be able to organize into a union. Do you have estimates of the cost that they might incur, should they be able to organize?

**Hon. John Milloy:** Our relationship with colleges—they are mature organizations. I think it wasn't actually with you, Mr. Marchese, it was with Mr. Wilson yesterday—we spoke about the fact that they received operating funding, and through that operating funding, they managed the payments that they needed to make for expenses that came forward, including the expense of staff and then the expense of any increases, obviously, notwithstanding the fact that we're in a two-year freeze situation, but in general. They do it, so we do not have a pay envelope or a pay item that goes to colleges that says, "This is for money."

**Mr. Rosario Marchese:** So you didn't actually budget any kind of money for that prospective increase?

**Hon. John Milloy:** Well, we included, as you know, the \$310 million in the budget for the growth.

**Mr. Rosario Marchese:** I understand that, but that's not for the potential unionization of the support staff and college teachers. You didn't budget a certain amount of money that would have to be paid, should they unionize, is that correct? Do you have any estimates at all?

**Hon. John Milloy:** As I said, we work with the sector. Overall, I can tell you that operating grants to the college sector have increased substantially. We talked about that. They increase every year. They increase on a per-student basis. We obviously looked at both sides, to unions and—in this case, if you're talking about a hypothetical of a union that came in for the part-time workers as a result of the legislation, we looked for a reasonable agreement between the two. As I say, we're now in a new climate.

**Mr. Rosario Marchese:** Sure. You're quite right, but I wasn't asking that. I was just saying that once they unionize, the colleges would incur a cost, and I wondered whether you or your staff here—I welcome them here today as well—budgeted a certain amount of money. Do you have a sense of what that number would be?

**Hon. John Milloy:** As I say, the last budget speaks for itself in terms of the increases to the sector.

**Mr. Rosario Marchese:** I understand. That's not the question I was asking. This is the kind of problem we have in question period, where the opposition has a question, the government gives you the answer they want, and you never get an answer. But I understand; I do.

It would be, by the way, a sizable increase. I haven't worked it out in my own mind, because there's only me—we have a very limited staff. I wish I had the level of support you have; I'm sure we would be able to work it out in a day. But it would be sizable, I suspect, because we're talking about a whole lot of part-time college professors and support staff.

I personally know that colleges are worried, because I met with a couple of them. They smiled when I said, "Look, I know you don't want them to organize." They smile, because they can't say, "Of course we do," when of course they can't. They are worried because of the funding issues over the years where they've had a tremendous increase of student enrolment but a disproportionate amount of money going to the colleges, in spite of all the blah, blah, blah about how much money you've given them—

**Hon. John Milloy:** Well, hold on. Blah, blah, blah—

**Mr. Rosario Marchese:** But I'm making a statement; I didn't ask a question in that regard.

**Hon. John Milloy:** I know. Okay.

**Mr. Rosario Marchese:** I'm sure you're aware that although part-time academic and support employees in Ontario colleges have voted on unionization, those votes have not been counted. They are sealed in ballot boxes. We're talking about October 2008 when this legislation passed. It's been a while. That's because the College Employer Council invoked section 30(1) of the Colleges Collective Bargaining Act. They argued that the union had not received enough signed membership cards to go ahead with the vote. The act states that 35% of indivi-



duals in the bargaining unit—in other words, employees who would be represented by the union, were it successfully organized—must sign cards.

The employee organization, OPSEU, had garnered over 10,000 memberships, putting it well above the 35% threshold, but the College Employer Council argued that any person who had worked part-time at a college for a single day in the year before the application was filed would have to be considered a member in the bargaining unit. Does that seem reasonable to you?

**Hon. John Milloy:** Well, Mr. Marchese, you are an individual of great experience, and you know that this issue is in front of the Ontario Labour Relations Board. Ministers who comment on issues before the Ontario Labour Relations Board do so, I think, with—it would be very imprudent; it would be inappropriate. I was going to make a joke, but I won't. Well, I was going to say, they are possibly not ministers any longer.

I'm not going to comment on something that's before the Ontario Labour Relations Board. There's a process in place, and we'll let them do it. Technically, and I'm not trying to be difficult here, the Ontario Labour Relations Board process etc. falls, of course, under my colleague the Minister of Labour. But I cannot, as you know, as a minister comment on what's before the board.

**Mr. Rosario Marchese:** Well, let me comment for you: This is blatant obstructionism. They are undermining your bill. In my view, they're undermining you fine Liberals that passed that fine law, which all of you were proud of and that I supported. Is that fair to some of you guys on the other side? Because the minister can't speak. Is it fair?

**Mr. Ted McMeekin:** It was appreciated that you supported it, for sure.

**Mr. Rosario Marchese:** Right, and that's why I'm arguing, on behalf of those who can't speak, that it's blatant obstructionism. It deliberately, wilfully is undermining your bill. The council is trying to take advantage of a loophole by submitting impossibly long lists of names. These names that they're submitting aren't people with regular part-time work at the colleges who would actually participate in the union. It's just a beautiful strategy. I just love it. If I was on the other side, I'd say, "This is great." Of course, the colleges are like a pig in—hmm, you know what I mean. And the lawyers are having a great deal of fun with this because there's a lot of pecunia to be made, as you can imagine.

The people that they're submitting by way of names, which these poor union folk have to verify, are students who worked for a few hours, in some cases—bartenders hired for a single event. We're talking about hundreds of thousands of people that are now dispersed, God bless, all over the country and that cannot be tracked down and contacted. It's impossible to argue that this is a fair interpretation of the act, but that's what they're doing, and it's legal. It's beautiful; it's legal. They're just using a loophole in the bill that you may not have been aware of. It's quite possible you weren't aware of it, or you weren't aware of the unintended consequences of such a section

that would allow the colleges to undermine your bill. But it's happening. These unions have to verify thousands and thousands of names. How could you do it? October, 2008—they're still at it, two years later.

**1620**

I couldn't be proud of a bill that I passed that colleges are undermining. I couldn't. The College Employer Council is, in essence, working against the Premier's stated objective of allowing these part-time workers their constitutional rights to freedom of association. In my mind, it's very clear. In order to make their case, the council has retained the services of Hicks Morley—well known. Huge amounts of time and energy are going into arguing whether certain names should be included, which is exactly what the council wants to forestall, the counting of the votes.

I was going to ask you, do you think it's appropriate that public money is being used to hire high-priced lawyers to fight against the organization of these workers? You can't comment on that, right?

**Hon. John Milloy:** Well, as I said—I mean, Mr. Marchese, you were a minister. You know there are things ministers don't comment about. The Ontario Labour Relations Board is like a court. It's a matter before the court and I will let them deal with it. The arguments and points that are being made are part of what I imagine is a dialogue before the board, and the board will make a decision.

**Mr. Rosario Marchese:** I just think it's a huge misuse of public dollars. It's almost worse than hiring lobbyists. You've introduced a bill to which there are loopholes once again that will allow, at least in the case that you and I represent, colleges and universities to hire lobbyists by using tuition fees, which is their money, not yours. So there's a loophole in that bill that will allow lobbyists to continue to lobby you and your staff and the countless staff that are here, whenever they want. So the bill you introduced will have no effect, except in part, in terms of what you were trying to get and in terms of what the Auditor General was getting at.

It is a flagrant misuse of our money, yours and mine, that the colleges should hire these high-paid lawyers—Hicks Morley—to prevent the unionization of those college teachers and support staff, money that could be used to retrain unemployed workers and improve access, as we were talking about yesterday, that OCUFA speaks very clearly about in terms of the decline in the quality of our post-secondary education system.

The Ontario Labour Relations Board has sided with the definition put forward by Hicks Morley and the College Employer Council. We believe, as does OPSEU, that this decision creates overwhelming and prejudicial barriers to the democratic right of employees to choose whether or not they wish to be unionized.

As I said, these voters have already voted. Their votes are sealed in ballot boxes, and all the union wants is for these votes to be counted. That's all they want. They collected 10,000 signatures—sealed, ready to be opened up—and they can't be counted two years later.



I'm not sure that you are aware of this, but I suspect you are. I think there's a way out, and my sense is that you can comment on this. You have the power to end this ugly and anti-democratic legal battle. You could follow through on the stated intention of your Premier and your own intentions and end the waste of taxpayers' money. All you need to do is make the following order: Pursuant to the minister's authority under section 4(1) and section 5(1) of the Ontario Colleges of Applied Arts and Technology Act, 2002, "the minister orders the College Employer Council to withdraw their objections under section 31 of the Colleges Collective Bargaining Act, 2008, to the two applications for certification filed by the Ontario Public Service Employees Union."

This order would simply allow the ballots to be counted. The union is quite willing to rely on the results of those votes to determine whether or not certification is successful. We wonder whether or not you have considered this section that would allow those votes to be counted, those envelopes to be opened; wonder whether or not you're willing to consider such a section that would end this dispute that has lasted for two long years; and wonder whether or not you think you want to comment on this particular use of the section.

**Hon. John Milloy:** Again, Mr. Marchese, you may not like the answer, but my sense of this entire line of questioning and the thoughts you've shared is that it's about a matter before the Ontario Labour Relations Board. It would be inappropriate for me as a minister, particularly the Minister of Training, Colleges and Universities, to comment on it.

**Mr. Rosario Marchese:** I really do find it distressing, sad and so much more. I supported your bill. You were proud of your bill, so I asked you. Your Premier was proud to have allowed these college professors and support staff the ability to unionize. We all felt this bill would allow them to do that. OPSEU went out and collected 10,000 signatures, and they really believed that that was all they needed to do. In my view, that is more than enough to get the 35% that they need to be able to unionize—more than enough. To allow the colleges, by hiring well-paid lawyers, to find a loophole that says, "No, you've got to consult; you've got to get every possible worker who worked in that previous year, any possible person who worked for one day—you've got to reach them. You've got to ask them whether they want to be able to join the union," is crazy.

Let me get my other glasses so I can see you guys. It's crazy. Isn't it crazy? I just want a few heads to do this. Isn't it crazy?

**Mr. Randy Hillier:** It is crazy, but expected.

**The Chair (Mr. Garfield Dunlop):** You've got three minutes in this round, by the way.

**Mr. Rosario Marchese:** I just think it's just a flagrant abuse—it's an attack on your bill. They're using a loophole to permit colleges not to unionize, and I know why they're doing it. They're doing it—and they tell me privately, because none of them dare say it publicly; they're just not getting enough financial support. Should

they unionize, it will cost them millions of dollars they do not have, and they would then have to take money from underfunded programs to be able to allow these people to have the right to unionize and have the right to benefits that they're entitled to.

At the moment, these people, many of them who work plenty of hours and do, in many cases, more work than full-time professors, I dare say, in some cases—they're just being used and abused. I just think it's unfair. Unionization would allow them to have the benefits that they're entitled to for the work that they do. For two long years, they've been trying to get it, and they can't. I just think it's a flagrant abuse of the law; it's a flagrant abuse of a loophole that allows them to do this. For the government to sit by, for two long years, and say, "It's got nothing to do with me; it's between them," is not responsible. It's an easy way out. It allows you not to have to worry about how the colleges are going to fund for your desire for the college teachers to be able to unionize. You allowed them to unionize and colleges prevent them from unionizing, and you and they are quite comfortable with that. You hide behind the cover of saying, "It's not my problem. They're fighting this out. It's their problem. The bill is quite clear."

The bill is not as clear as you had intended. They're using the loophole to be able to prevent unionization. I decry it. I'm sad, and a bit disappointed by your response and your inability as a government to deal with this and deal with this quickly.

1630

**The Chair (Mr. Garfield Dunlop):** Okay. That pretty well wraps up your time in that rotation. We'll go to the government members. You have 20 minutes, Mr. McMeekin.

**Mr. Ted McMeekin:** I want to just say at the outset that I think Mr. Marchese is amazingly well prepared, notwithstanding his alleged lack of access to resources. He certainly always impresses me with not only his concerns, but the depth of his concerns. In the spirit of wanting to move things forward, I just want to put that on the record for my good friend. I know his heart is in this very much and his passion shows.

In any event, Minister, I wanted to just follow up a little bit. You may recall that the other day I referenced an initiative that we've taken in Hamilton, in my riding, to put together a post-secondary student advisory committee. We have 20 students from the two universities and the one college that are in my riding's catchment area with whom I meet about four to six times a year. I spend a lot of time on campus talking to students. Part of my commitment to the students there is not only to speak to the student council at least twice a year, but also to spend a day a month on campus. I often do that in the cafeteria. I go from table to table and just talk to young people about where they're at and how they feel about the education they're getting.

I hear from time to time the kinds of issues that get raised. They relate to, occasionally, class size. There are some classes that are big; some of the challenges that

they have around student assistance and some acknowledgement, by the way, about the government's move to be more generous on the OSAP front.

But when all's stripped away, one of the things that comes up over and over again at its generic base relates to quality of education and quality assurance. I wonder if you could just walk us through some of the several things that the ministry does to satisfy itself that the quality of education that our young people—all people—who are engaged in post-secondary education desire and is necessary in order for them to graduate, go out and get the jobs they want. I know you quoted some figures the other day about the very high percentage of students who, within a very short period of time find employment—not only employment; in most instances, employment within the scope of the studies that they've been taking.

Can you tell the committee and those who may be plugged in to this estimates session—because when all is said and done, it's really about when the rubber hits the road, it's really about quality education. What is the ministry doing to ensure that the students in the system are getting a good-quality education? How do we relate to the partners around that? I think that's something that's critically important. I say that based on thousands of conversations with post-secondary students.

**Hon. John Milloy:** Thank you very much. The question you raise is a very important question. Your basic question was, how do we look at quality, but it leads to the broader question, which is a lot of academic debate. In fact, there are reports and studies that are being done all the time as to how you measure quality in the post-secondary system.

There are some obviously positive signs that we have here in the province of Ontario. If you want to start at the most basic level: the fact that we have such tremendous growth in the system, such—if you want to call it—popularity in the system. The fact that we have 140,000 more students in our colleges and universities I think sends a very positive sign of what's happening. The fact that we have, I believe, 37,000 or even a little bit more than that international students who are coming to Ontario's colleges and universities; the fact that we are ranked in international rankings as boasting some of the best universities and colleges in the world; the fact that many of our faculty are winning awards, are part of international consortiums that are undertaking research and other initiatives: These are all key findings which are very positive signs, I think, in terms of—if you want to call it the retail side—a student who's looking around and wondering whether to study in Ontario.

We have, with each institution, a multi-year accountability agreement which asks them to report on a variety of factors, a variety of activities that are happening at their campus, and also to take a look at certain benchmarks that they're making. We also undertake a number of studies and surveys of students.

You referenced some of the data that we have; it's on that that we start to drill down. We had a chance yesterday I think, to talk a little bit about students and the irony

that we live sometimes in a world, those of us who work on the education beat—and I imagine my colleague the Minister of Education would agree as well—where you can talk a lot about education, you can talk about it for hours, and never get down to the student. Yet at the end of the day, the student is why we're there, notwithstanding, of course, the research that goes on there.

Some of the studies and surveys that we've done have come up with, I think, some very good figures to demonstrate the quality issue, the fact that students are having a meaningful education at the colleges and universities. In 2008-09, about 79% of university undergraduates said they were satisfied with their post-secondary education, and 78% of undergraduates agreed that, given the option to start again, they would choose the university they are now attending. Another area, of course, is universities' graduation rates. University graduation rates between 2002-03 and 2008-09 have increased from 73% to 78%.

There are issues around employment, the degree to which students can get jobs right away. I'm just going to look them up or look to the deputy to get all those good figures. Here we have them. Actually, I can give you the college rates: 65% of college students are graduating, up from 57% in 2002. Even during a challenging market, almost 85% of the class of 2009 found employment within six months. Of students who graduated university in 2006, 94% were employed within six months of graduation, 96% were employed within two years, and 85% were employed in careers related to their program of study. I think I referenced this already: 79% of university undergraduates rate their educational experience as good to excellent.

These are the types of survey results that come forward which tell us that we're on the right track, but also tell us that there's work to be done. We can look, obviously, at the college graduation rate and we can be very pleased that we've gone from 57% to 65%, but that still leaves 35% of students who we need to worry about. We can look at, again, the university rate and say, "Well, there's 20% who aren't completing."

There are a couple of issues. One is the measurements that take place. As we move forward with a new round of multi-year accountability agreements, we want to make sure that we have the proper measurements in place.

As a ministry, we're moving ahead with the Ontario educational number, which will allow us to track students. There's always that fear that a student from Humber ends up at U of T and from there moves to Western and then to Dalhousie—what have you. Are we properly tracking that student? Is that student being shown on the books as somehow dropping out when in fact they've just changed programs or changed systems? Part of it is getting the measurement. Part of it is also asking our colleges and universities to do more to support students to make sure that they are getting the support through so that we can increase the graduation rates.

**1640**

Something else that we're looking at is how do we go beyond some of these issues around quality and look at



issues around teaching and around what is happening within the classroom? Certainly, as I say, it's an academic discussion in terms of those who look at pedagogical issues in our universities and colleges, but there is also some practical work to be done. I have certainly talked to student groups about it.

I mentioned the president of the Ontario Undergraduate Student Alliance, who—actually, it was very interesting; I mentioned this yesterday with Mr. Marchese—was dissatisfied with some of the work that has been done that simply talks about the class size, and the current president said that “it depends less on class size, and more on the practices professors use.” This was in Maclean's magazine. “She is referring to ‘active learning’ versus ‘passive learning’ and says even in a class of 250, a professor, properly trained, could be effective.”

It's actually interesting. I never talked about this publicly, but one day there was an article about a large class size, so I made arrangements—it took a week or two—to go over to U of T. I went and sat through a first-year lecture on international relations; I found something that was in my field. I sat in the big lecture hall over there, in the convocation theatre, with 500 or 600 students. I was the only one in a suit. I sat through a lecture, and the professor embarrassed me by calling me out at a certain point and saying I was there, and I had a chance to address the students.

But it did give me a sense of that large classroom, but it also gave me a sense of some of the creativity that exists. The professor in question was able to use multimedia in terms of presentations behind her. Every student, not me, but every student had a clicker in their hand, which was hooked up to a computer, so she was able to survey the class on certain questions about international relations—sort of the political philosophy behind international relations. There was a tremendous amount of engagement that went on amongst the students, and it certainly seemed to be a very popular and well-attended class.

So some of these issues—we're drilling down and we're going to drill down more—

**Mr. Ted McMeekin:** A little bit of management by walking around, it sounds like. You were right there.

**Hon. John Milloy:** I was right there. As I say, my cover was blown, though I'm sure my suit gave me away.

I did have an opportunity to speak to the students, and they seemed quite interested that I was there to just see first-hand. That was a full classroom experience, but obviously, as I travel around, I have the opportunity to meet with students. I've sat in on classes before, but always in a formal way, where I'll sit in for 10 or 15 minutes, but this was an opportunity to understand first-hand what's going on.

That does raise the whole issue of new technologies and the fact that so much of the teaching can be supplemented. There's the issue of online teaching—which we may want to get into in the course of these estimates—in

the purest sense of, “Let's take a course online,” but there are also the online supports that can work in there.

We're looking at how students are doing. Do students have access? Are students graduating? Are they getting jobs? Are employers satisfied? I've only given you some of the stats. There are other surveys, too, which support this. But now we want to take it to the next level and find out how we can provide that measurement in some areas where we've always been a bit subjective, and maybe there are ways we can measure it around teaching and other supports.

**Mr. Ted McMeekin:** Thank you very much, Minister. I applaud your getting to the classroom. I think that's a great idea. I may do that back in Hamilton and see how that works, and engage some of the students.

You mentioned the online learning. As I understand it, the government is putting a bit more focus on the potential use of technology and opening up related opportunities for students to use perhaps a different mode to acquire the information, knowledge and skills that they need. Can you comment a little bit about the government initiatives with respect to online learning?

**Hon. John Milloy:** Sure. It's interesting—I'm about to go down memory lane, Mr. Chair, and I just want to check on the time before we—

**The Chair (Mr. Garfield Dunlop):** You've got five minutes left in this round.

**Hon. John Milloy:** Okay, well, I'll try to be quick on memory lane. I remember I took a course at university via—it was a video course, where you went to the library every week and you saw a videotape of a lecture that was given, and they took away the videotape at the end of the week so you had to show up; you couldn't watch all 13 in one day and then write the exam.

When I look at that experience versus the experience of the students that I meet, where new technologies are such a huge part of their lives in every aspect—I mean, we have to realize as a jurisdiction that with the pace of change around technology, with the interest of young people in new technology, we have to be ahead of the game. We have to make sure that these new technologies are being used and that students have access to them. Students now are telling me that their ability to interface through the computer, to take a course through the computer, is now second nature, and they're demanding that ability.

On the one hand, there's a demand and, if you want to call it this, an ability that didn't exist before to use the technology and adapt to the technology. The flipside, of course, are the benefits to society and to the institutions themselves. Society in the sense—we all think of the single mom who tucks in her kids at 9 o'clock at night and wants to pursue a distance course from her local university or college. They can go online. They can go online at 2 in the morning or 10 o'clock at night when the kids have gone to bed and start to work their way through the courses that are there. Obviously, for the institutions themselves, it allows greater flexibility in managing the courses and allowing students to access them.



There's a lot that's going on in the campuses, and when I speak about this—and I have been asked, as I travel around, by both members of the media and members of the public—I say that, first of all, we've got to recognize that our universities and—I'm going to single them out in particular—our colleges have done a great deal of work. The colleges have come together in a consortium where they share classes and recognize classes. Universities have developed a capacity and continue to develop a capacity. In many cases, you can now take an entire degree online at some institutions.

What we want to do is take it to the next level. Ontario, as I say, wants to be at the forefront. We want to recognize this as the wave of the future. I always comment how strange it is for me to visit libraries and institutions—there are no books anymore. We can't be the fuddy-duddy; we have to be the future.

If I can speak geographically, I come from one of the high-tech capitals of this country, Waterloo region. We have the wherewithal to take it all to the next level. A lot of that involves co-operation and collaboration between institutions so that the student who's at Western can easily access a course online at Waterloo and that there aren't the hoops to go through.

What we're doing is we're working very closely with the institutions to see how we can build that collaboration, how we can take this system to the next level and how we can put it under the umbrella of an online institute. That co-operative work, that back and forth, is going on.

How it will evolve: We'll be reporting back in due course. We want to move quickly. I mean, this is technology; technology moves quickly. But we certainly do want to build up that capacity. We have to. The rest of the world is looking at this same issue right now, and Ontario, as I say, has a chance to be a leader. We have the technological know-how. We have outstanding institutions. We have a real interest. And, of course, because it's online, if we can get it right here in Ontario, it also becomes exportable, where students around the world can access what's happening in Ontario.

It benefits the universities and colleges in terms of the range of programming, in terms of the fact that they don't—if 1,000 students are dialing in online, they're not going to be at that big lecture hall. In terms of space utilization, it provides benefits across the way.

We don't have a choice, and we'd be sticking our head in the sand if we weren't taking this on as a real priority as a government.

**Mr. Ted McMeekin:** Sounds like some very exciting initiatives there. With that, I take it our time is up.

**The Chair (Mr. Garfield Dunlop):** Yeah, just a few seconds left.

**Mr. Ted McMeekin:** I want to say, Minister, that that generation, the high-tech highway—I'm one that's often looking for the off-ramp. It's just one of those things. It's something I've been wanting to do for a bit—to get back to an opportunity to actually pick up some of those skills,

because students without them are just going to have a lot more difficult time coping, aren't they?

**1650**

Thank you for those answers, particularly the reference to quality. I want to keep whatever questions I'm privileged to have the opportunity to ask here very astute and centred.

**The Chair (Mr. Garfield Dunlop):** Thank you very much.

**Hon. John Milloy:** Mr. Chair, can I just add that Allan Scott is here? Mr. Hillier, I'll just leave that with you.

**The Chair (Mr. Garfield Dunlop):** Mr. Hillier, it's your turn—20 minutes.

**Mr. Randy Hillier:** Minister, let me read a little bit of an email that I received from an owner of a private career college: "While millions of dollars have already been invested in the TCAF, the expanded application of funds has many of us sharing the opinion that the fund's low balance will drive the actuarial calculations to amounts that will force PCCs to close, which worsens an already bad situation."

They have visions of a juggernaut that will continue to close campuses.

"Private career colleges cannot even get an accounting of the fund. All meetings and discussions are subject to rigid confidentiality agreements that mean sector representatives cannot advise the sector of the committee's actions or its discussions. We pay, the TCU spends and we're left in the dark."

He doesn't want me to use his name or the name of the college because he's fearful that what happened to Niagara-on-the-Lake Culinary School may happen to him if he raises these concerns.

So my first question is, Minister, what do you think of the situation where your constituents, your stakeholders, are fearful of bringing forward their concerns, fearful of retribution, fearful of losing their licence? Does that cause you any concern?

**Hon. John Milloy:** I regret that they feel that way. There obviously is no truth to the fact that the people who bring forward concerns would be open to any retribution. I regret the fact that they feel that way. That's not the situation.

**Mr. Randy Hillier:** Well, it is the situation for them. It may not be your perception—

**Hon. John Milloy:** It's not the reality.

**Mr. Randy Hillier:** It's their reality. They're fearful of coming forward. They're fearful because your bureaucracy has so much authority over them that they could be put out of business arbitrarily, and we've seen it exercised. They're fearful. They're scared of their own government. It sends shivers down my back when businesses in this province are fearful of their own government.

**Hon. John Milloy:** I'm happy to respond. I think we've got to divide things up, and I think we have to be very, very careful here, Mr. Hillier. I cannot help—in fact, I can regret the fact that someone feels frightened or is fearful of raising concerns. As I say, I regret that.

The fact is, what you said is that they should be fearful that retribution—perhaps I misunderstood you. What I say is, that's a very serious thing to say, and I would like to see evidence of that, because I know of no evidence that a private career college is not treated fairly and that the rules are not applied in a fair and equitable manner across the board. If a private career college fears that, as I say, I regret that. Maybe we need to do some outreach to tell them that they don't have anything to fear.

I also disagree very strongly with your view that we could just arbitrarily close them down. The fact is, Mr. Hillier, there are policies and rules and practices in place which, as I say, apply a framework to the system, and they're applied in a just and equitable way. If you have evidence to the contrary, please provide it and we will obviously follow up, because that's very serious.

But let's divide the two—

**Mr. Randy Hillier:** Absolutely. Okay. I'm glad you mentioned that because, in my first round of questioning, I asked you about the Niagara culinary school. It had its licence suspended. It was out of business. It then had to appeal that to a tribunal.

Minister, you know as well as I do that as soon as that licence is suspended, for all intents and purposes, that business is destroyed. The students are moved out. All the years of working and building up a business's name and reputation are destroyed once its licence has been revoked. Then it has to go through the process to re-establish when it ought not have happened or to see the truth and the facts behind that suspension.

I read to you a few of the tribunal's statements. The tribunal reinstated the licence, but by that time it was too late. The business is essentially destroyed. That's what I mean by "arbitrary."

In my first round of questioning, I asked you: Are we putting in any checks and balances to prevent—because this is somebody's livelihood, somebody who has invested their earnings, their savings and has spent years building up a business, building up a reputation as a private career college. To have that all taken away by a government that they believe is there to assist and facilitate them is absolutely abhorrent—that's not what governments are constructed to do: to put people out of business. Of course, there are many roles of government, but here the tribunal ruled in favour.

I'm asking: What checks and balances is MTCU putting in place to prevent this serious tragedy from re-happening?

**Hon. John Milloy:** As I say, your characterization of events—I imagine there are other characterizations of them. I apologized earlier that Allan Scott, the superintendent of PCCs, was delayed. He's here now, and, with your permission, through the deputy, if we could ask him to comment on your question.

**Mr. Allan Scott:** Sure. My name is Allan Scott. I'm the superintendent of private career colleges. I apologize for not being here earlier, sir.

With respect to the school you've mentioned, the Licence Appeal Tribunal made an interim order allowing

the school to reopen after the suspension, subject to a significant number of rather serious conditions that were designed to address what it found were compliance issues at the school. Among those included a finding, I believe, that was not seriously in dispute that there was a program called an international chef diploma program—

**Mr. Randy Hillier:** I don't want to get into the details. What I'm asking for is: Here, the tribunal—and I read a number of the findings where the tribunal found that it was appropriate to reinstate the licence after being suspended.

What checks and balances are we putting in place—because this business is now destroyed. Those 40-some students had to go elsewhere. Obviously that TCAF fund was used, I would imagine, to assist those students, but what checks are we putting on there so that we don't destroy somebody's business, destroy and disrupt and interfere with all those students without truly significant evidence that that person ought not to be in business in this province?

**The Chair (Mr. Garfield Dunlop):** Are you asking for interim warnings or something like that?

**Hon. John Milloy:** If I can jump in: I'm a little confused, Mr. Hillier, because we had a case with the school in the Niagara area where there were some serious complaints that were brought forward. It was highlighted in the media. The rules/regulations/practices were applied in that situation, and it ended up before the tribunal.

Mr. Scott is anxious, I think, to give you a bit of background on it, and you say you don't want the background. You're saying that it was arbitrary and that it wasn't done properly.

**Mr. Randy Hillier:** I have the decision here in front of me, Minister. What I'm asking for is: What checks and balances—if there are no checks and balances being put in place, then just tell me so. Are there any checks and balances being put in place to prevent this sort of thing from happening again?

**Hon. John Milloy:** As I say, there were serious concerns raised about the school in Niagara. Action was taken, and there was a tribunal. The tribunal itself is a check and balance—

**Mr. Randy Hillier:** It said "reinstate." That's what the tribunal said.

**Hon. John Milloy:** It's a check and balance. I'm just saying that I don't know how you can have it both ways in your line of questioning. Either Mr. Scott can give you some background of what happened, or you said you don't want to hear about it. You're suggesting—

**Mr. Randy Hillier:** So there are no checks and balances?

1700

**Hon. John Milloy:** No, you are suggesting that TCU acted inappropriately.

**Mr. Randy Hillier:** The tribunal said to reinstate the licence.

**Hon. John Milloy:** Mr. Scott was about to respond to that, and you didn't let him.

**Mr. Randy Hillier:** I have the decision here—



**Hon. John Milloy:** I'm just asking if you would allow Mr. Scott to answer.

**Mr. Randy Hillier:** I have read the complete decision. It went into all the context. It went into the evidence. I've read you back what the tribunal said, and from the students. I've read you back a number of key components to it.

Regardless, the tribunal said that the licence should go back in and that person can operate again, but you've already destroyed the business. There is no more business there to have a licence. Your first action was the last action for that college. We ought not to use that unless we have significant evidence that it is, indeed, justifiable, not something that is going to be appealed—successfully appealed—to a tribunal.

**Hon. John Milloy:** But the question that you're posing: The answer is within it. You're asking, "What are the checks and balances?" The first check and balance is the fact that there's a tribunal where an appeal took place—

**Mr. Randy Hillier:** It's too late, though. That check and balance is too late. It's too late. My question was: What checks and balances are there on the superintendent's authority so that this doesn't happen, so that those licences aren't revoked without a rock-solid, clear-cut case? This is not like getting a fine, Minister, where you can write a cheque and everything is okay. When somebody's livelihood is removed, that's a very, very serious action on the part of government. It's not an action that should be taken lightly. It should not be an action that is not without such grounds that it is defensible in any arena. Clearly, it was not.

**Hon. John Milloy:** I'm going to turn it over to the deputy, but I would point out that it's also about protecting students, Mr. Hillier.

**Mr. Randy Hillier:** Absolutely.

**Hon. John Milloy:** We have literally tens of thousands of students who are in private career colleges. We have students who come from outside of Ontario and outside of Canada to private career colleges. We, with no apologies, have put in a system to protect those students.

The feedback that I've heard from private career colleges, to use a Marcheseism, is "God bless you. Thank you," because we want to get the bad actors out of there. As I say, I wanted to get that on the record, but I'm going to turn it over to the deputy—

**Mr. Randy Hillier:** But let's go back to my first statement.

**Hon. John Milloy:** I will turn it over to the deputy to address you—

**Mr. Randy Hillier:** The first statement is that these colleges are fearful of identifying themselves to the minister who represents their interests. We need to have some serious checks and balances put in place here so that this is not the case. I'll hear from the superintendent—

**Hon. John Milloy:** Deputy.

**Mr. Randy Hillier:** —deputy on what we're doing to improve this.

I go along with the member from Trinity-Spadina. He used the words about what's happening in your ministry and what's happening in your sphere of jurisdiction—he talked about "undermining" and "blatant obstruction" and people not daring to say it. It's happening, I think more than just at the—it's also happening in the private career college sector of your ministry.

**Hon. John Milloy:** It's quite interesting, the take you have on this. I've just gone through a period of time when I had the Ombudsman do a very thorough report. His focus was on student protection. We've had media stories. We've had questions in the Legislature about student protection. You weren't here yesterday; we had a nice chat about how, at the end of the day, this is about students. I'm very proud of the regime that we've brought forward. That is about protecting students. I know the deputy—

**Mr. Randy Hillier:** Minister, if we don't have any colleges, we won't have any students. That's what my concern is as well. It's not just one. Of course, protect students, but let's also protect that they have an environment to be students in. That appears to be under threat from your ministry, on the private career colleges.

**Hon. John Milloy:** Mr. Chair, my deputy has been anxious to jump in, so I'm going to—

**The Chair (Mr. Garfield Dunlop):** Go ahead, Deputy.

**Ms. Deborah Newman:** Thank you, Minister and Mr. Chair. I guess, Mr. Hillier, in terms of the systems and processes that we have in place, first I'd like to assure you that this is a very, very, very small minority of cases, the case such as the one you've cited, where the ministry feels it necessary, based on significant and extensive evidence, to take this kind of enforcement action.

So this is not taken lightly. The action is taken based on the accumulation of significant evidence that meets a threshold to take action—

**Mr. Randy Hillier:** Have you read the decision, Deputy?

**Ms. Deborah Newman:** Yes, I have. In terms of the exercise of the superintendent, I am absolutely confident as the deputy that it's fair and reasonable and exercised in a fair and reasonable way. I am, as deputy, briefed on these cases. There are very, very few; they're in a very small minority.

There is an appeal process available, and it is the tribunal, and they will make the decision that they see fit. The job of the ministry is to ensure that we're providing the kind of oversight to private career colleges that protects students and to exercise the superintendent's discretion in a very fair and reasonable way. As I say, as deputy, I'm fully satisfied that that's the case.

**Mr. Randy Hillier:** I'm really amazed that, if you've read that decision, you've come to that conclusion. I've read that decision, and there was very little interaction between the MTCU and that college before its licence was indeed suspended—very little interaction. To suspend and really destroy somebody's livelihood and disrupt so many students on hearsay, without providing



an opportunity for more extensive discussion, and recognizing whether those complaints were indeed legitimate—I find it very difficult to believe, Deputy, that you’ve read that and you’ve come to the—

**Ms. Deborah Newman:** Mr. Hillier, you asked a question about whether we had systems and processes in place, and I’ve answered that. If you want to get into the particulars of this case, I would invite Mr. Scott to respond to those.

**Mr. Randy Hillier:** But what we can see is that what you have in place, your check and balance, is at a moment in time when it is too late to provide protection to the college—which is also protection to the student. It’s too late. By the time you go to the appeal, that college is already—when we’re talking about the suspension of the licence. If it’s an appeal on a fine or some regulatory matter, dotting the i’s and crossing the t’s, I’ll grant you that that’s a fine system, but when it comes to destroying a business and disrupting all the students who contributed and paid their tuition, that mechanism is not robust, by any means. That mechanism is not acceptable. It doesn’t provide a level of justice for either the students or the college.

**The Chair (Mr. Garfield Dunlop):** Two minutes left in this round, Mr. Hillier.

**Mr. Randy Hillier:** Minister, I’d like to go to the College of Trades, which is a new announcement, and there’s some new activity happening there. The College of Trades—I’ll read a little comment here from Mr. Cameron: “What the College of Trades needs to ensure is that everything is transparent and fair. This needs to be a non-political thing. We are here for apprenticeships and not here for our constituent groups.”

We know that Pat Dillon, head of the Working Families Coalition, is now part of the College of Trades, and the same with Colin Heslop from the Canadian Auto Workers, Hugh Laird from the interior systems contractors, Scott Macivor—also a former CEO of the Ontario Construction Secretariat, which was headed up by Pat Dillon. We know that Pat Dillon and Working Families and the unions—these are all union people who are on the College of Trades—provided over \$5 million to your party in campaign support in the last election. It’s certainly pretty clear that the statement that this need not be a political group has been politicized by your appointments to the College of Trades—

**The Chair (Mr. Garfield Dunlop):** Mr. Hillier, that rounds up this 20 minutes. You’ll have to pick up on it after.

Now to the third party: Mr. Marchese.

1710

**Mr. Rosario Marchese:** Minister, I touched on the issue of lobbyists 20 minutes ago. You know that we have been decrying the tremendous proliferation of lobbyists in the province and the use of public dollars to hire, and to pay well, a lot of these lobbyists to contact us, particularly you and the Premier and other folk.

What is clear is that you agree that these lobbyists ought not to be lobbying you. The Minister of Health

agrees. The Premier agrees. The auditor pointed out that it’s a flagrant abuse of public dollars. We all agree. Even Mr. Chiarelli, the now minister, said that he supports the government’s so-called crackdown, because lately, apparently, it has spiralled out of control.

Do you agree with Mr. Chiarelli’s assessment that the number of lobbyists from the public sector has increased under the McGuinty government’s watch?

**Hon. John Milloy:** I don’t have access to particular data. I would say that public institutions—well, in this case, let’s talk universities and colleges, because we’re here for TCU. Their use of lobbyists has gone on under the watch of various governments, including yours, including the Conservatives’, including ours. We’re at a time when dollars are very precious, where this has been—and your party has raised it in the Legislature. The auditor has looked at it. It’s become an issue that needs to be addressed, and we’ve stepped forward to address it.

**Mr. Rosario Marchese:** By the way, when I was in government, a long time ago, people who had issues and wanted to talk to ministers would come to me directly. I would just put them in touch with the minister or the minister’s staff. It was only later that I found out from this guy that they would pay lobbyists or consultants thousands of dollars to get access to ministers or their staff. I couldn’t believe it. I was so naive, if you can believe that. That people would be paying thousands of dollars just to get a meeting—I just didn’t get that. Here I was, naive me, helping out, because I thought if it was a good idea, why wouldn’t I arrange for a meeting?

There are a whole lot of people making a whole lot of money, just arranging meetings. It’s just unbelievable. That’s a good job. I should get out of this field and make a few dollars. Why not? I was a full-time trustee. I quit as a teacher. I was making \$7,000. I lost a pension, then lost the only other pension, which Mike Harris got rid of. I wanted to strangle the man, I have to tell you. I should get back into the field and do what Harris does and make a whole lot of money consulting—

**Hon. John Milloy:** Mr. Chair, I think I speak on behalf of the whole committee: We’re happy you’re here, Mr. Marchese.

**Mr. Rosario Marchese:** I appreciate that.

**Hon. John Milloy:** But you can’t use that in an election brochure next year.

**Mr. Rosario Marchese:** I promise not to.

By the way, Mr. Chiarelli was a lobbyist for Algonquin College just before his nomination as a Liberal MPP. Did you ever meet with him, by any chance, in his capacity as a consultant?

**Hon. John Milloy:** I never met with him alone. As minister, I visited the college and had delegations come from the college, of which he was part. These were large groups of people, senior officials, that sort of thing. It was not a one-on-one lobbying sort of thing. And those meetings were certainly not set up by—they were set up by the college. I meet regularly; I meet with presidents all the time and I visit the colleges all the time.

**Mr. Rosario Marchese:** So you didn't go to the college because he called you. You went to the college because somebody else called.

**Hon. John Milloy:** I went to the college as a matter of course as minister—

**Mr. Rosario Marchese:** That's what you do.

**Hon. John Milloy:** Yes, that's what ministers do.

**Mr. Rosario Marchese:** By the way, did your staff ever meet with Mr. Chiarelli or officials, that you're aware of?

**Hon. John Milloy:** Not that I'm aware of.

**Mr. Rosario Marchese:** Deputy?

**Ms. Deborah Newman:** No, not that I'm aware of.

**Mr. Rosario Marchese:** So, finally the government introduces a piece of legislation that says, "We're just going to close that off. People won't be able to do that any more." But the legislation you're going to introduce on lobbyists in the public sector allows universities and colleges to hire lobbyists as long as the money doesn't come from government revenue. Do you agree with my interpretation of the bill?

**Hon. John Milloy:** Your interpretation? Yes. That's my understanding.

**Mr. Rosario Marchese:** So what I hear the Premier saying is that we're ending the practice of lobbyists being able to come and access you or him or anybody else. He creates the impression that it's a blanket elimination of that possibility of lobbyists to reach them, but it doesn't eliminate it, because, as I argued before, and you agreed with me, universities and colleges could use tuition fees and donations to hire lobbyists, yes?

**Hon. John Milloy:** Can I comment?

**Mr. Rosario Marchese:** Yes, please.

**Hon. John Milloy:** The simple fact is that our relationship with universities and colleges is—and I can only speak on that; the Minister of Health obviously has carriage of the full legislation, so I'll talk about colleges and universities and our financial relationship with them. We obviously provide a significant amount of their funding. We do not provide all their funding. The advice that we have is that we're in a position to mandate what they can do with the funds that we provide. Beyond that, we are not in a position to mandate them. However, I want you to know that a very clear message has been sent, both through this legislation and also through the channels of TCU, not to hire lobbyists. Despite the fact that that loophole may exist legally, because we don't have the power to mandate them, certainly the signal has been sent.

And I've got to tell you, the lobbyists would not get very far at the Ministry of Training, Colleges and Universities in terms of organizing a meeting, in terms of making a presentation. I think to every president in the system, that has been made crystal clear to them. There are not going to be lobbyists calling us, so what's the point of hiring them?

**Mr. Rosario Marchese:** So even though the law permits these institutions to hire lobbyists still from private monies that they collect, you're saying that it

doesn't really matter because we have indicated by way of the intent of the legislation that if they call us, they're just not going to get a meeting.

**Hon. John Milloy:** Well, you see, I wouldn't say "the law permits." What I would say is that the legislation goes as far as we are allowed to, based on our relationship with the colleges and the universities. We can't go farther.

**Mr. Rosario Marchese:** Sure. The only point that I make is that the Premier suggests in his comments that he has eliminated this practice of lobbyists being able to contact you folks, but the law just doesn't do that. There is an intent in it. In part, they can't use the public dollars anymore, but they can use their own dollars that they collect out of other sources to be able to do that. So if they want, they can and they will. We agree with that, right?

**Hon. John Milloy:** Well, I'm saying that the law has gone as far as we are allowed based on our relationship.

**Mr. Rosario Marchese:** I understood that.

**Hon. John Milloy:** At the same time, a very powerful signal has been sent through the legislation and through communications through the ministry that they are not to hire lobbyists. I cannot imagine—I think it would be pretty extraordinary if a college or university was to hire a lobbyist under these circumstances.

**Mr. Rosario Marchese:** What if we had proposed a different bill that said that nobody from the university, whatever their title, will be able to contact you or your staff? Because they're going to have different titles; they won't be called "public relations," but they'll have a nice title. They'll just be working for the college, and they'll be calling the same way; they just won't be called lobbyists, you understand. They'll still be calling you; they just won't have that title. They'll be working for the universities or colleges, and you won't be able to refuse their requests, I imagine.

**Hon. John Milloy:** I speak with presidents and senior officials in our colleges and universities on almost a daily basis. Throughout the ministry, the deputy does as well, as do members of my staff, members of TCU. They're in constant contact with their counterparts, with people who are coming forward with all sorts of issues. That happens on a regular basis. I've never refused a meeting request from a president or a phone call. Sometimes a president calls me at night urgently.

**Mr. Rosario Marchese:** I understood that. Your point was that this bill doesn't eliminate all lobbyists to be able to work for whoever, because you couldn't do that. I was saying that there would be a different way of presenting a bill that would make sure that they don't contact you or your staff. That's what I was proposing, by way of a different kind of legislation.

1720

**Hon. John Milloy:** But what I'm saying is, a representative of the university or college—

**Mr. Rosario Marchese:** —can already do that.

**Hon. John Milloy:** Yes.



**Mr. Rosario Marchese:** I hear you. Can I ask you, have you ever met, yourself, with any lobbyists who were working on behalf of a university or college?

**Hon. John Milloy:** When I meet regularly? I usually meet with presidents, and they usually come with a delegation. I've already indicated that I've been at meetings where Mr. Chiarelli was present. I've been at meetings where, sometimes, they come in and I'm quite impressed with the size of their entourage. I would not be surprised—and in fact, I know for a fact that in some cases, some of these people are outside consultants, lobbyists who have come with them. So they've been part of the entourage.

**Mr. Rosario Marchese:** Sure. But you yourself have never been contacted by lobbyists to have a meeting on behalf of somebody—on behalf of a college or university? They might have been there at the meeting, but they didn't call you directly, is the question, right?

**Hon. John Milloy:** In the sense that maybe—because I want to be honest with you. We've had contact with universities where they've been involved in a particular campaign or what have you, where there's been an outside person who's been enthusiastic about everyone sitting down at the table. But this is a very different ministry from, say, one that deals with private companies, where there might be dozens and dozens that are knocking on the minister's door. A president has almost—dare I say it—a right to meet with the minister, so there's never a case of somehow smoothing it through.

**Mr. Rosario Marchese:** I understand that, because we agree that lobbyists shouldn't be used, or at least public dollars shouldn't be used to hire a lobbyist to call you when anybody can call you from the university. We agree with that. So I was asking: Has any lobbyist ever called you directly?

**Hon. John Milloy:** And I would say that I have been contacted by lobbyists working for institutions that are saying, "Hey, we've got a great idea and we're looking forward to talking it through."

**Mr. Rosario Marchese:** And you told them, "Look, ask the president to call me, because I don't want to talk to you."

**Hon. John Milloy:** As I said, I meet with delegations. I have never met with a lobbyist alone on an issue. I have had lobbyists approach me at an event who have contacted me to tell me what great things they're working on, and they're coming in to see me.

**Mr. Rosario Marchese:** What about your staff? To your knowledge, has any lobbyist ever contacted your staff to arrange meetings, either with them or to try to arrange a meeting with you through them?

**Hon. John Milloy:** Again, I don't know specifics. As I say, I'm not, to be honest—there are people who work for universities in a variety of capacities who come in. In fact, the more I think about it, because I'm trying to be honest, I can certainly try to furnish you with—I'm just trying to think—people who've come in on behalf of—I meet so many people, Mr. Marchese. They come in. They're working for colleges and universities, and they

are bringing forward proposals and ideas that they have brought forward. I don't have a complete list in my mind of everyone that I've met with.

**Mr. Rosario Marchese:** I have to tell you, a non-profit organization called me—actually, a lobbyist. I was so incensed, I didn't answer the person's call. I told my staff that I don't respond—this was two years ago—to the call of a lobbyist. A non-profit organization—they don't have any money. They're starving for cash. They hire part-time workers because they can't afford to be able to hire full-time staff, but in their mind, they have to hire these lobbyists because they don't know how to access us or the dollars that they desperately need.

I told my staff to ask the non-profit organization to call me directly if they want a meeting with me. It was incredible, insane, that they would hire a lobbyist, a consultant, to talk to me. It happens all the time. It's as if we created a culture of these people to operate and/or possibly, dare I say it, that they're so underfunded that they need to, in their mind, call the experts to try to get meetings with us because they want to lobby us for funding and they don't know how to do it. Is that possible?

**Hon. John Milloy:** Mr. Marchese, again, we're talking about a sector which is very, very tiny in the sense that there's about 44—depending on how you want to count it—or 45 individuals who represent the institutions. As I said, I would use the word "right." They have a right to contact me, to set up meetings with me.

**Mr. Rosario Marchese:** We agree.

**Hon. John Milloy:** I have delegations that are coming through all the time.

In terms of the use of lobbyists, we agree on—apparently it was my moment in the sun on CTV News when I said to your leader, "You can't take 'yes' for an answer." Yes, we feel that the proliferation of lobbyists is inappropriate, and we're taking action through a bill. At the same time we're sending a very clear signal. Certainly, I must say, moving forward, no lobbyist would dare contact me or my office. A clear signal has been sent that that is no longer appropriate.

**Mr. Rosario Marchese:** I got you. Thanks, Minister.

I just want to talk about student debt. I wanted to get this out—

**The Chair (Mr. Garfield Dunlop):** Five minutes remaining in this round.

**Mr. Rosario Marchese:** How much?

**The Chair (Mr. Garfield Dunlop):** Five minutes.

**Mr. Rosario Marchese:** You see how time flies?

**Hon. John Milloy:** When you're having fun.

**Mr. Rosario Marchese:** I don't get it. I thought I had another 10 minutes. I don't believe it.

Yesterday I was saying that simply providing for students to have more debt doesn't address the accessibility, because a lot of post-secondary students are debt-averse and they'll actually put off higher education because they don't want to take on debt. We know that. I want to give you a few references about this, and then I'll ask you for a comment.

In a report called *The Decline of Quality at Ontario Universities: Shortchanging a Generation*, the Ontario Confederation of University Faculty Associations, otherwise known as OCUFA, writes: "While it is true that student assistance can help low-income students, there is evidence that high tuition can produce a kind of 'sticker shock' that can have a chilling effect on applicants from low-income backgrounds. There is also evidence that low-income students are averse to amassing the debt the current government emphasis on student loans ... creates." That's page 3 of their report that I just cited. I could read it for you—I've got it here—but I'm sure one of your staff has it.

We know that OSAP recipients are accumulating massive levels of debt. On page 2 of the same OCUFA report, the authors note that the average debt levels for students who access student aid is \$22,000. No surprise to you; we've been talking about this for a long time. These are crippling debt loads. Increasing OSAP maximums and saddling our graduates with a lifetime of debt, we argue, is not a solution.

One impact of student debt is that it actually limits further educational attainment. A study called *Student Borrowing and Debt*, by Ross Finnie and other academics working as part of the Measuring the Effectiveness of Student Aid project, shows that 16% of students receiving aid plan to put off further post-secondary studies because of their student debt loads. That's page 2 of their report, which I'm sure some of you have. You don't have to review it now, because it's really not that important at this time.

I have another quote, but I'm sure we won't have much time. Do you want—

**The Chair (Mr. Garfield Dunlop):** A couple of minutes. You've got two minutes.

**Mr. Rosario Marchese:** Do you want to comment on that now? Because I'm sure we'll run out of time. I did have another reference but I can bring that to your attention later.

Do you want to comment on some of these things, Minister, in terms of the studies; the implications for students; their ability to access some courses because of high tuition fees and tremendous debt loads, with some students not going to university because of it, not going to the courses they want; the tremendous debt that they're picking up that will force them to not be able to buy a house or have children? Do you want to comment on that? What do you think about all this, and how are you dealing with it?

**Hon. John Milloy:** I'm going to look to the Chair for a time check so I know how—

**The Chair (Mr. Garfield Dunlop):** You've just got a minute to clean up—

**Hon. John Milloy:** Oh, a minute. Well—

**Mr. Rosario Marchese:** You can start and then we'll come back.

**Hon. John Milloy:** Yes, we'll start. I'll start with the simple fact that we have 140,000 more students in the

system. I look at the studies that show we have the most generous financial aid system.

You talked about student indebtedness. The fact is—and I shared these statistics yesterday—the level of debt, I believe it was amongst university undergraduates, actually declined slightly over the past number of years.

At the same time, the default rate is at the lowest rate since we started to keep tabs on it, I believe in 1997.

At the same time, RAP, the repayment assistance program, which comes into effect next Monday, I think is going to revolutionize some of the issues you're talking about in terms of indebtedness, because it's going to be based very much on the income of the student and their ability to pay back, with the potential to have the debt forgiven if they are in a low-income situation and relieve a lot of the anxiety that's there.

1730

There's a lot more I could say on the studies. There are other studies that have been done, particularly by HEQCO and others, but I know Mr. Dunlop is going to call time out.

**The Chair (Mr. Garfield Dunlop):** You're right on; three seconds left. I'm pretty good at this, you know.

We're going to finish up today with the government members for 20 minutes. When we come back next Tuesday, we'll have about 23 minutes each to do in a rotation. Okay? Thank you.

To Mr. McMeekin or Ms. Van Bommel.

**Mr. Ted McMeekin:** Give it to my colleague.

**Mrs. Maria Van Bommel:** I'm just going to take us into a different part of the province than what we've been predominantly talking about.

I think all of us as MPPs have had occasion to go into northern Ontario. Many of us, too, have an opportunity to go into some of our aboriginal communities in the north. Even for my part, I have five First Nations bands in my riding in southern Ontario.

What I've seen in the north when I've been there are the consequences of the recession. The north has been particularly hard hit by the recent recession, and certainly when we talk about programs like Second Career and retraining, those are very important, but we also have issues, as I've travelled through some of our aboriginal communities, with providing post-secondary education for aboriginal students as well.

I would like to ask you what the ministry is doing in terms of working with our northern citizens and, in particular, with our aboriginal communities, not just in the north but throughout the province?

**Hon. John Milloy:** That's a very, very important issue that you've raised of what's happening in the north and particularly what's happening with our aboriginal communities, as you say, not just simply in the north but throughout the province.

Really, I think there's a number of approaches that you can take with this. Certainly in the last couple of years we've seen some pretty horrific—I think that's the only word for it—layoffs in northern communities. Oftentimes these are the main industry in a town or a community. As



a ministry, we work very, very closely with the Ministry of Northern Development, Mines and Forestry, as well as other government ministries and community stakeholders to deal with the immediate outcome of a layoff situation.

We have a rapid re-employment strategy where we're contacting a community within an hour of news of a layoff. We keep close tabs on what's happening. We're there to work with community leaders and allow the workers the opportunity to access the services that they need through Employment Ontario.

Yesterday, in a question with Mr. McMeekin, I had an opportunity to speak about Employment Ontario and the range of services that are available, including training opportunities. One of the things that we found—and this isn't simply for the north; it's worked throughout the province—is that particularly when there's a large layoff, people need to look for support. They need to look for support from peers. They need to be able to work closely with other people who are in the same situation to figure out next steps. Hence, the idea of an action centre.

An action centre is tied to a particular layoff situation. In some cases, we pilot it where it may be applied to several different factories or businesses that have gone under, but for the most part it's tied to a particular layoff situation. It becomes a home away from home for those workers to find the supports they need. A lot of peer support goes on. They're run by boards which are composed, for the most part, of laid-off workers. There's a lot of, "How can we work together to access the services?"

It's not about reinventing the wheel. We've very, very careful that we don't duplicate services, but the ministry has funded several of these—I shouldn't say "several." It's funded dozens of these across the province in partnership, often, with the union or with the company itself if they're pulling out of a particular area.

In terms of the north, as of September 2010, there are 10 active action centres in community centres across the north serving approximately 7,600 laid-off forestry and mining workers. In addition, there are seven active community adjustment initiatives in communities across northern Ontario. The total MTCU investment for these adjustment initiatives, where we've worked with the community to help with these laid-off workers, is approximately \$1.1 million.

I've had an opportunity to visit numerous action centres and I have had the opportunity to visit them in northern Ontario. It's funny, as an MPP—and I've been with colleagues, I believe colleagues around this table—I'll be very candid that I was always nervous at the beginning because these are laid-off workers, and I expected to be greeted either with a scene of despair or a scene of anger. Although I never want to minimize the hardships that you meet when you go there, what I often find is a lot of hope and I find a lot of mutual support where people are leaning on each other; believe it or not, a lot of laughter, because people are finding that support and encouragement and a lot of wonderful stories of people moving on.

It may sound hokey, but some of the most impressive things I've seen—I remember one action centre had a tree, and they had all the branches drawn on the wall. Every worker's name was on a leaf, and as the worker got a job, it went up on the tree. You saw this go. It was a sense of pride for the workers. Certainly, it's been a process which has served to transform that experience for workers, and, as I say, in the northern communities I've witnessed many of these.

Another way that we're working with northern communities is, of course—as I say, there's different ways to slice this. We're talking about the immediate response, but then the longer-term response is: Let's look at the transition that's moving forward in the north. How do we move people from industries that may be disappearing in their area into ones that are cropping up? And then, when you add the overlay of the aboriginal component, are there special things we can do or targeted things we can do with aboriginal communities to help them benefit from emerging economic development opportunities?

Of course, one of the big areas—and I understand my colleague was here; the minister before me was the Minister of Northern Development and Mines, and I'm sure he spoke about this—is the Ring of Fire and the whole mining sector in northern Ontario. Part of the whole Ring of Fire package that was brought forward in the most recent budget contained a \$45-million, three-year northern training partnership fund, a project-based skills training program to help aboriginal peoples in northern Ontario—it's not just limited to aboriginal peoples—benefit from emerging economic development opportunities.

These are funds where we will fund initiatives that come forward that are going to help, as I say, aboriginal or non-aboriginal individuals work their way through—I always like to use this term; maybe it's a health-care term, but I like to borrow it—the continuum of training, where you can take someone from a layoff situation, take a young aboriginal individual, for instance, give them the training and build up the capacity so that they can move into the jobs of the future.

Many of these mining initiatives—I had a chance to visit Moosonee and Moose Factory a number of years ago, and there was a lot of talk about the diamond mining that was going on up there. They said that when companies talk about opening up in five, six, seven years, it seems like a long way away, but for someone who needs to upgrade their skills, who needs to have those training opportunities, even if it's several years away, you've got to start now. So I've been very pleased that we're able to come forward with that project. I certainly worked very, very closely with my colleague the Minister of Aboriginal Affairs in developing the type of programming that was flexible, that employers and other partners could come together to offer these training opportunities. These are real training opportunities that are going to lead to a job because they're in sectors

where the hiring is going to take place—maybe a few years down the line, but it is going to take place.

Another program we have, and this sort of came before the Ring of Fire, so in a sense it's complementary, is the investment in—and we've had a request for proposals over the summer—\$11 million in employment and training projects for aboriginal peoples in emerging sectors such as energy, mining and green industry. I have to tell you that I heard a lot from major employers in those areas, and again, this complements the Ring of Fire comments, where they say, "Look, we're going into, perhaps, a remote area. We have a large aboriginal population. We want to hire that population, but there's a lot of steps in between. We need to make sure that we have access to the skilled workforce. For heaven's sake, don't make us import people from elsewhere. I mean, we should be hiring local people. How can we work with the ministry to provide the training opportunities?"

1740

As I say, we're not talking necessarily about a three-week course, here. In some cases, you are talking about something that's going to take a considerable amount of time. We had so many people coming forward with ideas at different stages of evolution that that really sparked the idea of putting forward a specific program. As I say, there was a request for proposals that went out, and we had some very good feedback. We haven't announced yet the outcome of that request for proposals, but these are great initiatives, which are really going to create a new path for many of these young aboriginals. They're not all young, but I think of the individuals who are entering the workforce.

**The Chair (Mr. Garfield Dunlop):** Go ahead, Mr. McMeekin.

**Mr. Ted McMeekin:** Minister, I want to come back to the private career college issues that Mr. Hillier was talking about a few moments ago. I just want to say at the outset that sometimes I get the feeling that when you're involved in elected office, you're damned if you do and you're damned if you don't. If there's a concern with a private career college and you're not on it quick enough, people wonder where the heck you were. And when you do respond to protect students, to be cognizant of the regulations, others might take the position that you're disadvantaging somebody who wants to employ people, for example, as I think was the thrust of Mr. Hillier's comments.

I read the Ombudsman's report and we know a little bit about the background to that in some of the cases. He made a number of recommendations, 11 in total, but the first two were of particular interest to me, particularly as they relate to the prior discussion. The first was that the Ministry of Training, Colleges and Universities should issue public warnings to a website with respect to any present risk to student customers; and secondly, that not only should the warnings be public—they could call it the "buyer beware" list—but that postings to its website about decisions and orders affecting private career colleges be current and be posted expeditiously. In other

words, get it out there quickly; don't leave any doubt. People have got a lot of money invested in trying to acquire some skills.

The issue of the culinary school came up, and the minister referenced the superintendent, Mr. Scott, I believe. I'm wondering, Minister, if you concur, if I could ask Mr. Scott to elaborate a bit on the particular college that was the subject of some of the questions and tell us a bit about the background and what the tribunal actually did say.

**The Chair (Mr. Garfield Dunlop):** Please go ahead.

**Mr. Allan Scott:** First of all, I should indicate that I'm limited actually in what I can say. It's a matter of public record that the ministry and my team work closely with the Canada Border Services Agency that's conducting a separate investigation under federal statutes. I understand their investigation to be ongoing, and that limits what I can say today.

Speaking to the tribunal's public decision, which is a matter of public record, however, I can indicate that the tribunal, in issuing an interim order—and it was not a final decision on the matter but an interim order—allowed the school to reopen. It lifted the suspension, subject to eight stringent conditions that were attached to it being allowed to do that.

We never act precipitously in these matters. We always weigh things very carefully and we engage in what we call evidence-based decision-making. We focus very keenly on the protection of students, and a suspension of a registration only takes place where it's necessary to do so for the protection of current or prospective students or to prevent a continuing violation of a federal or provincial law.

Knowing that that's the legislative background, we acted as we did, and one of the concerns, of course, that's in the decision, which anybody can read online, relates to the offering and enrolling of students in unapproved vocational programs. That's always going to be a concern, because any student who's enrolled in an unapproved program is deprived of any protection under the training completion assurance fund. That means that should that school close or cease operations, those students will be left without any protection. They will not be entitled to training completions. They will not be entitled to refunds. In other words, they won't be entitled to the protections that the Legislature has said they ought to have.

We take that type of student-at-risk situation very seriously. The tribunal even found, in its decision, that "it is not seriously in dispute that there is no approved program entitled 'International Chef Diploma.'"

You should know as well that in allowing the school to reopen, it imposed two very strict conditions. The two strictest were: First of all, it must allow every student who was in an unapproved program to either contract into an approved program or to request and receive a full refund in writing. I can indicate that many students chose to contract into an approved program, and many others still requested a full refund. I can tell you, sir, that to my



knowledge, none of those refunds have been paid, despite the requirement of the Licence Appeal Tribunal.

I can also indicate that another condition on which it was allowed to reopen was that it not enrol any new students. I infer from this that the tribunal was exercising its jurisdiction as it felt appropriate to protect students while allowing the school to reopen.

I can tell you that our most important partners, whenever we undertake any initiative, are registered schools. We work very closely with registered schools, and we enjoy a fantastic relationship with them. I can indicate that most of the tips we receive about illegal private trainers in Ontario come from our partners in registered private career colleges who work with the ministry to protect students. There are a lot of outstanding schools out there that take the issue of illegal private trainers very seriously. I'm very proud of the relationships and the partnerships that we've built and that they feel comfortable picking up the phone and contacting us with information or their concerns.

Whether it's Niagara or any other school that's out there, we do what we have to, based on evidence, based on reflection, based on seeking appropriate legal advice, and we make prudent choices.

We act to protect students and afford them the rights that the Legislature says they should have.

**Mr. Ted McMeekin:** I appreciate that. Mr. Chairman, I just want to make the point that, if I understand Mr. Scott correctly, we're talking about a non-approved program, and you reference at the outset of your answer that it's currently being investigated internationally. There's the ongoing investigation, which—

**Mr. Allan Scott:** There's an ongoing investigation by the Canada Border Services Agency.

**Mr. Ted McMeekin:** —which the tribunal commented on. It made a series of recommendations, ostensibly to protect the students, one of which was that this particular college not be allowed to take on any additional students.

**Mr. Allan Scott:** That's correct.

**Mr. Ted McMeekin:** Yes. I think that's helpful. Thanks, Mr. Chairman. Since we're by ourselves here—

**The Chair (Mr. Garfield Dunlop):** You've got about another couple of minutes for a question or two, if you want.

**Mr. Ted McMeekin:** We'll wind up. I'll maybe just ask the minister if he has any final comments that he'd like to make with respect to this very helpful gathering. Mr. Chairman, you run a good ship. I commented the other day—you weren't here—about my knowing about your interest in adult literacy and was quite complimentary, if you missed it. You might want to check the Hansard on that.

**The Chair (Mr. Garfield Dunlop):** I'll check Hansard some day. Thank you very much.

We will wind up, then, because that does pretty well conclude the time. We'll meet again next Tuesday morning at 9 o'clock. Each caucus will have about 22 minutes to finish estimates on the Ministry of Training, Colleges and Universities.

Minister, thank you very much for today, and all the staff of the minister, thank you as well. With that, the meeting is adjourned until next Tuesday morning.

*The committee adjourned at 1750.*











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# Legislative Assembly of Ontario

Second Session, 39<sup>th</sup> Parliament

# Assemblée législative de l'Ontario

Deuxième session, 39<sup>e</sup> législature

## Official Report of Debates (Hansard)

Tuesday 2 November 2010

## Journal des débats (Hansard)

Mardi 2 novembre 2010



### Standing Committee on Estimates

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and Universities

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## LEGISLATIVE ASSEMBLY OF ONTARIO

## ASSEMBLÉE LÉGISLATIVE DE L'ONTARIO

STANDING COMMITTEE ON  
ESTIMATESCOMITÉ PERMANENT DES  
BUDGETS DES DÉPENSES

Tuesday 2 November 2010

Mardi 2 novembre 2010

*The committee met at 0905 in room 151.*MINISTRY OF TRAINING, COLLEGES AND  
UNIVERSITIES

**The Chair (Mr. Garfield Dunlop):** We'll call the meeting to order. We're now resuming consideration of the estimates of the Ministry of Training, Colleges and Universities, vote 3001. There's a total of one hour and eight minutes remaining.

When the government adjourned in the last meeting, the government party had finished its 20-minute turn. We will now start the last round of questioning with the official opposition for 22 minutes, so we each have 22 minutes, followed in turn by the third party and the government for the last rounds. We'll have the vote after the last party.

We may have a problem with the New Democratic Party. I believe Mr. Marchese has a doctor's appointment and he may not be ready at the 22-minute mark, so, with everybody's agreement, we'll go to the Liberal Party, or the government party, if that's the case.

With that, we'll start with the official opposition. Mr. Bailey.

**Mr. Robert Bailey:** Thank you, Minister and Chairmen. Welcome, Minister, today.

I've only got 22 minutes, so I've got a whole lot that I'd like to ask but I'm going to just zero in on a couple.

This is about the College of Trades. I'll just read a little bit, by preamble here. This is from Rod Cameron. This is a commitment that Rod Cameron, who's the chair of the college appointment council, made when he started earlier this year. He said:

"What the College of Trades needs to do is ensure that everything is transparent and fair," Cameron said. "This needs to be a non-political thing. We are here for apprenticeship and not here for our constituent groups we have been plucked from, although there is always a tendency for people to want to support where they came from. It is important that we look at apprenticeship here and not self-serving interests." That was in the Daily Commercial News, May 21, 2010.

Minister, we applauded Mr. Cameron for his statement at the time; however, unfortunately he and his colleagues, in our opinion, have so far failed to live up to the standard he set.

Minister, the Ministry of Training, Colleges and Universities established the College of Trades to unify and represent all the trades' interests in the province. We've been told that the College of Trades will serve as a governing body for the trades in Ontario.

Minister, I've heard concerns from various stakeholder groups that the College of Trades appointment council, the group appointed by your ministry to develop fees and regulations, has repeatedly met and yet failed to disclose the information from those meetings. Minister, I have been informed that at least six meetings have taken place to date, and none of the dates, locations, agendas or minutes of those meetings have been made public, and if I'm wrong, you can correct me. Minister, my question to you is: Do you think it is appropriate that a governing body such as this, made up solely of appointed individuals, is operating in such an opaque manner?

**Hon. John Milloy:** I thank you very much for the question about the College of Trades. You're probably not surprised that I have a very different take on what's been happening with the college and in terms of issues of transparency. There's a group of individuals who came together who, I think, represent a wide cross-section of those who are involved with apprenticeship. In fact, Mr. Bailey, I think you were in the House yesterday when we were able to introduce the winners of the Skills Canada competition from Ontario. Gail Smyth is the executive director of that, someone who has devoted a good chunk of her life to bringing apprentices into the trades. She's just top of mind because we had an event here with many of the MPPs yesterday. She's on the board. There's a cross-section of people who represent it.

The board that has been put in place, the appointments council, is a planning body. It's a group of individuals who've come together to take leadership over what the College of Trades is going to look like and is going to evolve into, and eventually to put in place those board members and committee members who work on these various issues.

I just want to talk about this issue of transparency and accountability.

**Mr. Robert Bailey:** I was going to bring you back to that.

**Hon. John Milloy:** One of the key early mandates of the College of Trades is to look at the issue of ratios and compulsory certification. The College of Trades talks about transparency and accountability etc. They have put



together a catalogue or a program of public meetings to discuss these issues and to get input from stakeholders.

Yesterday, there was a meeting that was held at Ryerson—a room was available there; no connection necessarily with Ryerson—and there were 150 people there. It was a public meeting; the press were welcome. I know there were—I've heard reports from various stakeholders—a wide range of views and discussion. We've certainly tried to informally make sure all stakeholders know about these meetings, and I know the college has been going out and talking to people. There's a series of public meetings—I can get you the dates; I think Mr. Wilson has asked for them, and it's one of the information items we'll table here—where they can go forward and talk about these key issues. I think that's a great example of how they're reaching out to stakeholders.

0910

**Mr. Robert Bailey:** Okay, I'll hold you to that.

The second question I'd like to move to is the appeals process. Just a little preamble here: There's absolutely nothing in the act or the proposed review process to allow for appeals of the review panel's decisions. Decisions made by this unelected and unaccountable group are final and far-reaching in terms of its impact on Ontario workers. This means that Ontarians could be saddled with a poor decision on compulsory certification or ratios, with absolutely no recourse.

For example, in the agriculture sector, marketing boards regulate their specific sector. However, those decisions by those boards can still be appealed to the farm products marketing tribunal, which is a quasi-judicial board appointed by the elected and accountable minister.

My question to you, Minister, today: Do you believe that having no such appeal process is in the best interests of Ontario's workers? And if a review panel was to decide, for example, to raise the ratio of electrical journeymen in this province to a 5-to-1 ratio despite strong opposition from the industry, what recourse would you or the general public have in such a circumstance?

**Hon. John Milloy:** There are a couple of comments that I'd make. First of all, the point of the College of Trades—I appreciate your question. I guess my initial reaction is, the question may be getting a little bit ahead of itself in the sense that what we've asked the College of Trades to do, and those putting together the College of Trades, is to come up with a process to take a look at the issue of compulsory certification and ratios, and to develop what that process might look like. That is being governed by input from various stakeholders, so they're coming up with a process on how you'd follow through.

Right now in the province of Ontario, particularly with compulsory certification, there's no real process. It's almost like a brick wall. If you want to make a trade compulsory, if you want to deal with some of these issues, we don't have any agreed-upon way to move forward. There's a lot of rhetoric out there on both sides. What the college is doing, through this outreach, is trying

to start to come up with some principles, and a manner in which it may be put forward that is fair and transparent.

In terms of the act itself and the college, I'd just turn to my deputy and say: Is there someone here—I'll ask through the deputy—who might talk about some of the technical side? As I say, and I'm hoping they agree with me—that's always a good thing—

**Mr. Robert Bailey:** My big concern is the appeals process.

**Hon. John Milloy:** —about what's in place right now and what the mandate is. Deputy, I'll ask you to—

**Ms. Deborah Newman:** Thank you very much, Minister. I'd like to call Tony Benders, the ministry director who is supporting the establishment of the College of Trades.

**Mr. Robert Bailey:** Yes, specifically—I've got a whole lot of questions, but I don't have time to deal with them all. The appeals process is the big one. I think that's the main issue.

**Mr. Tony Benders:** The question with respect—

**The Chair (Mr. Garfield Dunlop):** State your name—

**Mr. Tony Benders:** It's Tony Benders.

**The Chair (Mr. Garfield Dunlop):** Thank you.

**Mr. Tony Benders:** The question with respect to the appeal process: There isn't a part in the act, as it's proclaimed, that would allow for the appeal process as you're questioning on the ratios and compulsory piece.

**Mr. Robert Bailey:** There's not?

**Mr. Tony Benders:** There's not.

**Mr. Robert Bailey:** There's not. Okay.

**Mr. Tony Benders:** That was part of the setup of the act in its creation. There are a number of hearings that will be held along the way. The adjudicators will be selected from across, and there will be a process and criteria, as the minister has indicated, with respect to those adjudicative review panels, dealing with those various aspects.

**Mr. Robert Bailey:** So it's not too late, if people made representations through the minister, that something like that could be considered—an appeals process—if someone had that strong a concern.

**Mr. Tony Benders:** There will be a process and criteria, and the board is looking at that now. The College of Trades' transitional board of governors is going across the province now and holding consultations on the process and criteria. They met yesterday in Toronto and had about 100 people who attended that consultation. They will also be in Ottawa today, consulting with various stakeholders across the province. They will be in Sudbury and Thunder Bay over the coming weeks and then in London on the 22nd of this month.

**Mr. Robert Bailey:** Not coming to Sarnia?

**Mr. Tony Benders:** They went as far west as they could.

**Mr. Robert Bailey:** Okay. I'm just advocating for Sarnia—Lambton.

**Hon. John Milloy:** If I could just add, and I'll let you get on to your next question, Mr. Bailey: I appreciate that

you're bringing concerns, but maybe you appreciate that there's a bit of frustration when we don't have a process in place yet and people are already criticizing the process.

**Mr. Robert Bailey:** I'm just getting them on the record—

**Hon. John Milloy:** What I'm saying is, we've got a group of people who are reaching out and trying to come up with a process that's fair and transparent. I appreciate your reporting to the committee, but sometimes it gets frustrating. We don't even have it in place, and they're being critical of it.

**Mr. Robert Bailey:** How long do I have, Chair?

**The Chair (Mr. Garfield Dunlop):** You still have 12 minutes.

**Mr. Robert Bailey:** I'll only take a couple of minutes, because I think you've got a couple of questions you want to ask, Chair.

**The Chair (Mr. Garfield Dunlop):** I can, if you have time.

**Mr. Robert Bailey:** This is actually on the nuts and bolts of colleges. I've got a long letter here—I won't read it, but what I will do is give it to you later—from Fanshawe College, a college you and I know very well. It's from one of the professors there, and it's signed by a number of students. To wrap it up here, apparently there's the national red seal certification to become plumbers and there's also what the province is teaching. There are two different standards that are being taught. The students are failing because they're writing one exam but the certification is based on the national seal and they're writing to the Ontario code as to what should be enforced on the job site. It says, "There are differences in the appearance of the code.... Ontario has made a large move to align their code to the national code. But differences between the codes still exist. The differences result," in this teaching aspect, in a "5% mark reduction...."

In a nutshell, what's happening is that a number of these students are failing—not by much, but they're failing—and they're having to apply every time, at \$100 a crack, to rewrite the exam. So this professor, along with a number of his students who have signed this, are asking that the ministry make some commitment to align their teaching. I just wonder if you have any comments on that.

**Hon. John Milloy:** I'm aware of the concern, and I believe you may have written me on it. Because of the technical nature of it, I hope you don't mind if I ask, through the deputy, an official who's actually in charge of the apprenticeship program.

**Ms. Deborah Newman:** Patti Redmond will respond to that.

**Ms. Patti Redmond:** We are aware of the issue related to the red seal plumber exam. As you noted, the plumber trade is a red seal exam, so it's an interprovincial exam. We used to have two exams: One was the provincial red seal exam, and the other was the red seal exam. We did consult with the provincial advisory committee, which is made up of employers and employees,

certified plumbers in the province of Ontario, before we moved to a single certification exam.

We work across Canada as part of the Canadian Council of Directors of Apprenticeship, and I'm Ontario's representative at that, in terms of the development of the red seal certification. Ontario plumbers actually participate in the process that we have to develop the certification exam and to test the certification exam. We have gone through a process through the provincial advisory committee, and working with Ontario plumbers, to ensure that the exam reflects Ontario content. We've done that on a couple of occasions. We've also worked with those who deliver the in-school portion of the plumber exam as part of the process in order to ensure that the content is consistent.

In addition to that, as you may be aware, there is a national plumbing code and then there's an Ontario plumbing code. Over the years there's been some greater alignment between the codes, but there continue to be some differences between the codes.

**Mr. Robert Bailey:** I just noticed in this letter to me that the professor says, "The Ministry of Training rep claims that it matches 70%. This means that 30% of the content of the test is never covered in the Ontario apprenticeship program. If this is the case, it would be fair for our apprentices to be able to pass by achieving 70% of the 70%...." That's their argument, so can you speak to that?

**Ms. Patti Redmond:** I'm not aware of the 70% in terms of the match. We've done a number of processes, as I'm saying, to ensure that the content is fair for Ontario plumbers, even though the plumbing trade may vary in some ways between jurisdictions. This is true for all red seal programs. You don't necessarily find in each jurisdiction that there is a 100% match, but that's why we engage the services—if I could say it that way—of certified Ontario plumbers to test the exam. We also had the provincial advisory committee test the exam and they found that the content was fair for Ontario plumbers. We're going to take this issue back to the provincial advisory committee in order to talk to them again to continue to ensure that the content is fair. We want to continue to ensure that plumbers in Ontario get red seal designation so they are able to work in any jurisdiction.

0920

In addition to that, Mr. Bailey, in order to ensure that plumbers in the province of Ontario are actually getting training that allows them to meet the requirements of a plumber in Ontario, we'll be introducing some exam preparation courses for plumbers, and working with employers to ensure that plumbers are getting the on-the-job training component so they can work towards that.

**Mr. Robert Bailey:** That was my point. I wanted to highlight that it costs these individuals and the province a lot of money in training and resources. There's a cost to the employers and the economy as a whole for people.

Chairman, did you want to trade spots and ask a question?



**The Chair (Mr. Garfield Dunlop):** Sure. I've got a couple.

*Interjection.*

**Mr. Garfield Dunlop:** Thank you very much, Minister. A couple of quick comments. We've been getting a lot of feedback through our community-based literacy programs. I actually did a statement in the House the other day. There was a substantial increase given to them two years ago after about 10 or 12 years of freezing the amount of money. They're very concerned, and they're getting feedback from the ministry that the amount of money they were increased in 2009 and 2010 will be taken away. Can you confirm that, or can you elaborate on what might happen in this year's budget? I know there are a lot of community-based organizations that are very concerned about that.

**Hon. John Milloy:** Sure. I appreciate the question and I'm very aware of the issue. As part of the budget that, as you know, the feds and the province—well, every province came forward with a pretty substantial package as a result of the recession and the downturn. As a result of federal dollars that were flowed to Ontario, we were able to make a special commitment to the literacy sector of \$90 million over two years. Part of that, \$25 million, went to top up service providers each year, so a total of \$50 million. That was, as I say, part of, if you want to call it the stimulus package, the recession package. As I say, it came from partnership between the federal and the provincial governments. It was two-year funding. It was time-limited, and it was communicated that way to the service providers. Obviously, as we head towards March 31, 2011, that period of time and the federal involvement ends.

We certainly are very much aware of the concerns that are out there, the challenge that this poses to the sector, and we're pursuing two tracks.

One is to continue to lobby the federal government to continue that money. As I've often said publicly, and I think I said in this committee, I don't think the recession or the fallout of the recession, if I can put it that way, is going to magically end on April 1 of next year. I've been raising it in every forum I can with my federal counterparts—my deputy has as well—and we're going to continue. We invite you and everyone to put pressure on the federal government.

At the same time, we continue to work with the sector to see what their needs are next year. Obviously there will be a budget process, an RBP process, and we're going to continue to work with them. But I just want to assure you, for what it's worth, that we are aware of the pressures. We also are aware of the planning horizon that exists there, that they have to start making decisions in the coming months and they're very anxious.

**Mr. Garfield Dunlop:** What they're telling me is that if that money is taken away in these small community-based literacy organizations, there will immediately be layoffs and programs cut. I want to put that on the record and tell you that they have been to me a number of times. I passionately believe in these types of groups because

they don't pay a lot of money—they're not a large portion of the ministry budget. However, I think they provide unbelievably good programming in communities and take a lot of people who had no opportunity to have any kind of a job at all, give them basic literacy skills, and they can get out and get some types of jobs. I want that on the record.

The second thing is, as the minister and as the ministry, do you see a time in the future when you might be involved in any capital money towards the Lakehead campus in Orillia? It's moving ahead at a really—it's very, very positive for that community. There are now almost 1,000 students there taking full university courses. The federal government was in for \$13 million in the construction of their main campus. There are a lot of plans on these 90 acres that they have right now. Do you see any opportunities for the government? What can we do to get more of the Ministry of Training, Colleges and Universities involved in some of the capital programs there?

**Hon. John Milloy:** Sure. If you give me two seconds on literacy—listen, I totally appreciate it, all the pressures and challenges. You said, and I respect that you want to put something in the record—I also want to put on the record, just so there is no confusion, that this money was flowed as a one-time, that it was over two years. But, in terms of the capital, very quickly, we are trying to put a lot more order into capital planning in the province. We've asked each institution to come forward with a very detailed outline on an evergreen basis; they say they can keep updating it as to what their priorities are, what their planning is, where they have capital needs. Lakehead has been obviously a player of that, talking about their needs both in Thunder Bay and at their satellite in Orillia. We're taking a look at what the planning horizon is in terms of the number of students. I'm working very closely with Minister Chiarelli, and we're trying to put forward a plan that makes sense for what the needs are for the province. I appreciate that in the past there have been ad hoc decisions made, and there's been nothing wrong with that. But we want to do it over real planning horizons.

I guess the simple answer to your question is that we want to see what Lakehead's needs are. What are their needs in Orillia, and how does that correspond with other needs across the province? What funds are available? What number of students do we expect to come in and to move forward? So, we're working very closely—I'm in fact going to be in Thunder Bay on Friday for the swearing in of the new president and certainly have a chance to get updated on Lakehead's views.

**The Vice-Chair (Mr. Robert Bailey):** We have time for a quick comment—30 seconds.

**Mr. Garfield Dunlop:** Okay. Just in summary, it's been very, very positive for the city of Orillia and area. We're now calling it, along with Georgian College's partnership programs, central Ontario's university, and we're getting a lot of young people from central Ontario attending Lakehead. They're looking at it in a very

positive manner. I'm not trying to beat up on the ministry at all because we've got a long-term partnership with the campus there, and I want to do whatever I can to lobby to get the best programming possible there.

**The Vice-Chair (Mr. Robert Bailey):** Thank you, Mr. Dunlop.

**Mr. Rosario Marchese:** He's sucking up.

**Mr. Garfield Dunlop:** I am not.

**Mr. Rosario Marchese:** That's okay. There's nothing wrong with that.

*Interjections.*

**The Vice-Chair (Mr. Robert Bailey):** Go ahead, then.

**Mr. Rosario Marchese:** Just for clarity: This is the last 20 minutes we all have. Is that correct?

**The Vice-Chair (Mr. Robert Bailey):** Yes.

**Mr. Rosario Marchese:** Yes?

**Hon. John Milloy:** Twenty-two, I believe.

**Mr. Rosario Marchese:** Oh, Minister. Aren't you happy this is the last 20 minutes?

**Hon. John Milloy:** I was going to say that I'm happy for that extra two minutes.

**Mr. Rosario Marchese:** I've got a couple of mixed questions, Minister, that I wanted to ask. My competent assistant, Sasha, was going through the estimates and we were looking to see where we can find the line that corresponds to the Second Career program. My trusted assistant assumed that it's under a category of labour market and training. Would that be correct?

**Hon. John Milloy:** Because of the technical nature, I'll ask my deputy to confirm.

**Ms. Deborah Newman:** Yes, it would be under labour market and training.

**Mr. Rosario Marchese:** You see how competent he is? He's so young, too. It's unbelievable.

Do we have a total amount that has been spent in this program for every year that it's been in existence?

**Hon. John Milloy:** Again, if I could ask my deputy.

0930

**Ms. Deborah Newman:** Yes, we do, Mr. Marchese. I'm just going to find that information for you.

**Mr. Rosario Marchese:** If you could send it, that would be good. But if you have it, that's fine too.

**Hon. John Milloy:** We can take note of it and provide it.

**Mr. Rosario Marchese:** Sure.

**Ms. Deborah Newman:** I have the going-forward investment.

**Mr. Rosario Marchese:** Here's an expert coming.

**Hon. John Milloy:** Laurie's here. Please state your name, Laurie.

**Ms. Laurie LeBlanc:** I'm Laurie LeBlanc. In 2008-09, for Second Career, we spent about \$61 million.

**Mr. Rosario Marchese:** That's \$61 million?

**Ms. Laurie LeBlanc:** Yes, \$61 million.

**Mr. Rosario Marchese:** Yes. And the fall?

**Ms. Laurie LeBlanc:** I'm sorry; \$68 million.

**Mr. Rosario Marchese:** Oh, \$68 million? Okay. Going twice?

**Ms. Laurie LeBlanc:** We have complicated charts sometimes.

In 2009-10, we spent about \$417 million in Second Career.

**Mr. Rosario Marchese:** So \$417 million?

**Ms. Laurie LeBlanc:** That's right.

**Mr. Rosario Marchese:** What happened there? More people applied? The government was generous?

**Ms. Laurie LeBlanc:** What happened there, frankly—if the minister would like me to answer that—

**Hon. John Milloy:** We started the program in June. It started to pick up steam that fall, and obviously we're only going to March 31. You saw the first full year, and there was obviously quite a lot of interest that year.

**Mr. Rosario Marchese:** That's good. That's fine. And the total number of participants per year? You probably have that too.

**Ms. Laurie LeBlanc:** I do. In 2008-09, we had approval for 5,422 clients. In 2009-10, we had a total number of approved clients of 22,586.

**Mr. Rosario Marchese:** Okay. Thanks very much.

We submitted an FOI request in 2009 to determine how many Second Career participants found work in their chosen field. The response we received said that information was not being tracked, but that a new IT system, the Employment Ontario Information System, would be online by June 2010 and that it would have that information. I don't think we've seen this online information yet.

**Hon. John Milloy:** On September 23—maybe this shows how little anyone pays attention to my announcements—I made an announcement of the results of the work that we had done, the survey of Second Career individuals. We can certainly provide you with that information. I can go through it right now.

**Mr. Rosario Marchese:** Actually, we saw that. The press release says that 60% have found work three months after graduating, but what percentage are finding work in the field for which they were trained? This was the question that we had asked.

**Hon. John Milloy:** Laurie, do you want to?

**Ms. Laurie LeBlanc:** About 62% of the people that we surveyed found work in their field. Of the 61% that found work, 62% of those were in the field that they trained for. Just one thing that I—

**Mr. Rosario Marchese:** Sorry, Laurie. It says 60% have found work three months after graduating, and in the chosen field for which they were trained?

**Ms. Laurie LeBlanc:** It was 62% of that.

**Mr. Rosario Marchese:** Okay, 62%. That information is available to us? It's online now? That's what we had asked.

**Ms. Laurie LeBlanc:** If I can just clarify the "online" part of the question: We inherited a system from the federal government, an information system, and when we got the transferred program, we had to create our own information system. Obviously, we're not going to stay on a federal system. That is what the reference is, that it was going to be started in June for new clients. "Online"



really means online for the service providers and for ministry staff to use. It's not something that's on the Internet, for example.

**Mr. Rosario Marchese:** I see. Okay.

**Ms. Laurie LeBlanc:** However, the information that I just gave is available.

**Mr. Rosario Marchese:** Right. Given that we had made that request in 2009, were told that it would be available, and it is now available, is that information being sent to us, or is it information that I now have in my possession because I asked a question? Do you send that information out? Do we know?

**Ms. Laurie LeBlanc:** If I understand correctly, sir, you sent in a freedom-of-information request.

**Mr. Rosario Marchese:** Yes.

**Ms. Laurie LeBlanc:** At the time you sent it, that information was not available. Just to be clear, the information that the minister just indicated was, because we don't have information through our new information system as it tracks new clients, we want it to check in on the clients who are currently in the system and the former clients. The statistics that the minister just said, and that I was clarifying, are something that we did through a separate kind of survey instrument.

That is information that, should you—and I'm not an expert in the FOI process. I don't know if you need to—

**Mr. Rosario Marchese:** But the survey that you've done with that information: Is that publicly available to us?

**Ms. Laurie LeBlanc:** That is available if you—

**Mr. Rosario Marchese:** Could you send it to me?

**Ms. Laurie LeBlanc:** Yes.

**Mr. Rosario Marchese:** Make note of that, Clerk. They said that they will send it to me—before the election. Thank you, Laurie.

A few other quick questions: Under the post-secondary education program, just over \$14 million is being spent on services. What services are those? Could somebody tell me? Another expert?

**Ms. Deborah Newman:** Could you clarify where you're referring to, please, Mr. Marchese?

**Mr. Rosario Marchese:** Okay. Let me just find the page. The estimates of the Ministry of Training, Colleges and Universities, 2010-11, page 1 of 1—let me just see. It's "Standard account by item and sub-items." It says "Operating expense."

**Ms. Deborah Newman:** Can you give me a—

**Mr. Rosario Marchese:** "Colleges, Universities and Student Support": salaries and wages, employee benefits, transportation and communication, and then services, and it's \$14 million.

**Ms. Deborah Newman:** Can you give me a page number, please?

**Mr. Rosario Marchese:** It says page 1 of 2, vote 3002. I can just give you the document afterwards, or why don't I just give you this and see what you make of it?

*Interjection.*

**Mr. Rosario Marchese:** If you don't have the answer right away, we can get it another time.

**Ms. Deborah Newman:** I think, certainly, we'll commit to getting back to you. Your question, just—

**Mr. Rosario Marchese:** What services are they? It just says "services" and it doesn't explain what services it refers to. On page 2—it's highlighted: "services."

**Ms. Deborah Newman:** Okay. So—

**Mr. Rosario Marchese:** Fourteen-point-something million.

**Ms. Deborah Newman:** It's \$14.2 million in services. Certainly; we'll commit to getting back to you on that.

**Mr. Rosario Marchese:** There's another line under the post-secondary education program called "Post-secondary Transformation."

**Ms. Deborah Newman:** I'm sorry, Mr. Marchese. I'm told that one of our officials could explain that particular figure to you, the services figure of \$14.2 million.

**Mr. Rosario Marchese:** Okay. If it doesn't take too long, that would be great.

**Ms. Deborah Newman:** Noah Morris, director of the OSAP program.

**Mr. Noah Morris:** I'm Noah Morris, the director of the student financial assistance branch. The vast majority of that money in the service line of post-secondary transformation—

**Mr. Rosario Marchese:** That's the second question. The first question is services, on page 2 there.

**Mr. Noah Morris:** The vast majority of that amount for services goes to pay for services that are in support of delivery of the OSAP program. There's a data centre we run in Thunder Bay, and there are consulting contracts in support of that data centre. We pay the National Student Loans Service Centre—I think it's \$23 a client—to manage that. So about \$10 million of those services is in support of delivery of the student financial assistance program.

**Mr. Rosario Marchese:** Okay. Is there a reason why we don't spell that out, or is it just too long to spell that out?

**Mr. Noah Morris:** Generally speaking, in the estimates, we don't break down the details, but we can give you the details of that spend—

**Mr. Rosario Marchese:** You also talked about the post-secondary transformation. That's an interesting use of words. I love it when you guys use those words. What does that mean again, "transformation"? Because you spend \$103 million there. Is that part of all this?

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**Mr. Noah Morris:** It's not part of all this, no.

**Mr. Rosario Marchese:** So what does "transformation" mean?

**Mr. Noah Morris:** The post-secondary transformation money—and I'm going to ask another colleague to come up, because he has responsibility for that—was part of a Reaching Higher fund that was used in support of Reaching Higher initiatives.

**Mr. Rosario Marchese:** Okay.

**Mr. Barry McCartan:** Barry McCartan from the ministry. Mr. Marchese, I can't get you a detailed breakdown of everything in there, but essentially, what we've done every year since Reaching Higher is we've set aside funds for new investments to support the Reaching Higher priorities. They're in that line item. Throughout the year, we usually, then, either allocate it to colleges or universities as we go along—so sometimes, a program—it will be added to something on the college-university line, but in general, at the moment, it's for pieces that were announced in the 2010 budget for credit transfer, online education, internationalization—I'm missing something—

**Ms. Deborah Newman:** If I could just add to that the Ontario education number. In other words, that figure is for budget 2010 initiatives that the government announced around international strategies to recruit additional international students, to developing a credit transfer system, which is a system of mobility for students between colleges and universities, and establishing a single unique student identifier, an Ontario education number.

**Mr. Rosario Marchese:** If you don't mind, I wouldn't mind, once you review the Hansard, if there is additional information of that breakdown, I would appreciate having it, just to understand it better. Is that okay with you?

**Ms. Deborah Newman:** Sure.

**Mr. Rosario Marchese:** Because you might think that you've already provided enough information, but there's probably a little more that you might want to give once you review it, so I would appreciate that.

Just the last question: Under the Employment Ontario program, almost \$22 million is being spent on services, so what services? That's page 5 of the document I gave you, which you can give back to me whenever you're done. If you could just send me the answer another time, that would be great.

I have some other quick questions, because time is running out, is that correct?

**The Chair (Mr. Garfield Dunlop):** You've got about six and a half minutes left.

**Mr. Rosario Marchese:** You see how time flies?

I would appreciate an update on the establishment of the Ontario College of Trades, with a detailed timetable for each phase of implementation.

**Hon. John Milloy:** Just to clarify, these are questions of information you want us to provide.

**Mr. Rosario Marchese:** Yes, because I'm assuming you won't have too much time to be able to provide—

**Hon. John Milloy:** No, not with six minutes.

**Mr. Rosario Marchese:** So an update on the establishment of the Ontario College of Trades, with a detailed timetable for each implementation; as well, if you could provide a list of apprenticeship programs that charge tuition fees for the in-class portion of apprenticeship training, that would be useful, too; a list of all new apprenticeship programs created since 2005; and an explanation of how your ministry keeps track of apprenticeship

completions, because this is an ongoing issue. I don't know if you or the deputy or some other staff person have time to speak to that, but it's been an ongoing problem for the ministry. It's a question that we've asked and everybody asks, because we don't track that, and it's a particular problem.

Do we have a handle on this now? Are we getting a handle? Is the College of Trades getting a handle on this? Are they communicating that to you? Are you asking them to communicate that to you? Do you have a brief update on that?

**Hon. John Milloy:** Sure. We can provide you with more information in writing.

I think the answer to your description is almost yes in all categories. I think we have a better handle on it. We're looking at systems that are going to track it better, and we're certainly looking to the College of Trades and the role that they can play. It's all new there. They're just putting together, so the answer to your last question—"Are they working on it?"—not yet, but it's certainly part of the package.

I don't want to rob you of questions, because we probably only have about three or four minutes. We could have an official come forward and talk about some of the work we've been doing, or would you prefer it in writing?

**Mr. Rosario Marchese:** I'm going to ask one last question, and then I wouldn't mind listening to whoever has that information.

The criteria that employers must meet to be eligible for the apprenticeship training tax credit is the question.

**Hon. John Milloy:** Yes, we can provide you with that.

**Mr. Rosario Marchese:** And if she wouldn't mind giving us an update, that would be great.

Just before the time runs out, I need to raise a 30-second point, if you don't mind telling me when that time is coming.

**The Chair (Mr. Garfield Dunlop):** Okay.

**Mr. Rosario Marchese:** Thank you.

**Ms. Patti Redmond:** Mr. Marchese, I think you had two questions that you wanted answers to in terms of the tracking of completion rates. Just in terms of following on from the minister's comment, we are beginning the process because our data systems are now allowing us to track the number of people who are completing within the trades, how many are receiving certificates of qualification. We can provide those numbers to you if you want to see that. We're also tracking pass rates in terms of the certification exam. We will be working with the College of Trades. We've had very preliminary discussions with them about the various processes for tracking.

As the minister pointed out, we've introduced some additional incentives for apprentices to complete their certification exam, because we know there are many apprentices who are eligible to write their certificate of qualification exam but aren't necessarily coming forward. We've also provided incentives for employers to get their apprentices in to write the exam.



The apprenticeship training tax credit: In order to be eligible, employers have to be in a trade that's listed as an eligible trade. Obviously, they have to have a registered apprentice, and the ministry registers that apprentice. They have to submit appropriate documentation in order to qualify. They are required to submit that documentation in order to be able to receive the tax credit. Not all of the trades in the province of Ontario are eligible for the training tax credit, so it's not available in all cases. Those are the main eligibility criteria. We could certainly send you more information.

**Mr. Rosario Marchese:** You say that not all trades are eligible, so it would be useful to include that information as to which trades are not because they don't meet the criteria.

**Ms. Patti Redmond:** It's just based on certain trades being eligible, as opposed to the employer themselves.

**Mr. Rosario Marchese:** Mr. Chair, we're probably close; right?

**The Chair (Mr. Garfield Dunlop):** You've got about two minutes left, and then you can do your 30 seconds.

**Mr. Rosario Marchese:** That's fine. I wanted to submit a lot of questions—there are three pages here—that we have worked on with different groups. They're technical in nature. I wanted to provide that to the clerk. I didn't have a chance to photocopy to give it fast enough to the deputy and the minister—if you don't mind. Every couple of weeks or every month, I would appreciate some information flowing to us as to what you can and can't do in relation to these questions. Is that okay?

**Ms. Deborah Newman:** Yes.

**The Chair (Mr. Garfield Dunlop):** We'll have those copied for all members of the committee so they can have them, as well.

**Mr. Rosario Marchese:** Thank you, Mr. Chair. That's plenty of questions for me.

**The Chair (Mr. Garfield Dunlop):** We'll now go on to the government members, and you have 22 minutes. Mr. Moridi.

**Mr. Reza Moridi:** Minister, I understand that in the past year there have been a number of changes to the guidelines for applicants to the Second Career program. Would you please explain those changes that make it easier for those people who are applying for the Second Career program?

**Hon. John Milloy:** It's an excellent question. Obviously, I hear from various members who have constituents who speak to them about the Second Career program. It's a very popular program. The most recent figures I have indicate that 36,166 people have come forward for the program. When it was introduced in June 2008, we said, "Look, this program is the first of its kind." We were dealing with an economic situation which was in a great deal of flux. That was the time of—I'm not saying there aren't layoffs today, but those were the days when literally you were hearing about layoffs almost daily—large layoffs. We wanted to make sure that it was a program that was responsive.

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We introduced it in June and did not have the type of the uptake that we were expecting. So in November 2008, we introduced—excuse me, November 2009; I apologize. No, excuse me; it was November 2008. I apologize again. In November 2008, we introduced a series of changes to the program to make it more flexible and open to more workers who were laid off.

The story then continues on to the summer of 2009, which of course was the height of the recession. I remember—I've told of the discussions before that officials said, "Look, we might have as many as 6,000 people come forward for the fall entrance to college." Many of the private career colleges were starting at that point. In fact, 6,000 was considered, even by the most optimistic, to be the total top end and that you'd never see above that. The fact is that we had, I believe, over 10,000 people come forward that fall, which did two things.

One is something we haven't explained that well, perhaps: It's just that the capacity of the ministry and the capacity of our offices to deal with applicants is limited. It takes time to process it, and we have people coming forward, anxious to start a program very quickly. The second, which obviously was the subject of some media coverage, was the simple fact that we had questions around the sustainability of the program. We had looked at a three-year program and 20,000 people, and we were already, I believe, close to that point within 18 months.

We took a long-term approach that fall to put the program back on a sustainable footing to allow as many people as possible to enter the private career and community colleges, at the same recognizing that we couldn't deal with everyone for both those reasons. Then we took a long, hard look at the program and said, "Look, this program has been a success. This is a program that we want to keep moving. We want to make sure that people are offered it. How can we define its scope in a way that meets those that are most in need?"

Perhaps as MPPs, we've met a whole range of constituents who are interested in further training. But what we wanted to do was focus in on those who perhaps didn't have a great deal of previous training or education, those who had been a long time in a particular job or career, those who didn't have great prospects in that field. Perhaps it was an industry that was no longer growing in the province of Ontario. We tried to focus the program on those individuals, and some changes were brought in that November 2009.

Again, we've always said that this is a work in progress. That brought a great deal of sustainability and, I think, quite frankly, a great deal of transparency to the program. Candidates are now judged on a grid system. It's a point system where they can see how they fit the different eligibility criteria. There are opportunities for them, if they have concerns, to appeal the decisions that are made. The process has been going very smoothly.

That being said, again, we did another evaluation over the spring and, in June of last year, brought in some

more—I'll call them technical changes—to broaden it a bit and, having had some experience with the grid system, to allow more people to enter into the program.

The program—again, its popularity continues, but more importantly, it's about the individuals. I've had a chance to meet literally dozens and dozens of Second Career students and graduates. They are turning over a new chapter in life. They're going out and getting jobs in a variety of sectors.

We're very, very proud of the work that's going on, and we're proud of our community colleges and our private career colleges for the important role that they're playing. We're going to continue to monitor the program, and we're going to continue to align it with the changing economic needs. When you look back on that horrific, horrific summer of 2009 and the period leading up to it, it was a period of huge layoffs, of people's EI running out, of individuals in an economic tsunami trying to find a way to enter that second career, if I can put it that way.

We're now at a situation of a lot more stability, of growth in the system. One of the things we have to worry about are those people who were displaced because of the recession who can't easily take advantage of the growth within the economy, those people who are finding themselves left out because of their skill set, because of the area of the economy they were working in. So I think Second Career has evolved into a much more focused program, and again, we're always looking at ways that we can strengthen it and ways that we can align it with some of the challenges that are going on in the economy, because as the economy changes, the needs of the workers change.

**Mr. Reza Moridi:** Thank you, Minister.

**The Chair (Mr. Garfield Dunlop):** Mrs. Van Bommel.

**Mrs. Maria Van Bommel:** I just want to talk to you a little bit about tuition and tuition levels. We periodically see students come to talk to us about their concerns around the cost of education, especially at a post-secondary level.

One of the things that I think most of us, as parents and grandparents, are concerned about is the fact that we all know that students—our children or our grandchildren—are going to need a higher level of education in order to compete in the economy in the future. They're going to also have to have affordable access, and one of the things that I think most of us are concerned about—and I think this is a bit of an age-old problem—is that we always think that students from the wealthier families have a better opportunity than those who come from lower- and middle-income families. I would just like to know what the government is doing in order to limit tuition fees and to keep our post-secondary schools and education systems accessible.

**Hon. John Milloy:** It's an excellent question, and one of our big focuses is making sure that post-secondary education is affordable in the province. Education is a partnership; that's been the philosophy that I think all governments have taken, that there's a benefit for the

student and there's a benefit for the government. So there is an expectation that students and their families will contribute towards their post-secondary education if they can. We try to limit the increases in tuition in the absolute sense through a tuition framework, which every institution has to sign on to, and it limits their overall growth in the tuition envelope to 5%. At the same time, we've taken the approach that additional resources should be aimed at those students who are most in need and that we can get the biggest bang for our buck by looking at low-income and middle-income students from those families and providing them the support that they require.

There's been a lot of discussion during this estimates session, particularly Mr. Marchese, about national comparisons and comparisons amongst jurisdictions. One of the national comparisons I'm proud of is the number of studies that have come forward to show that Ontario has probably the most generous student assistance program nationally, and we certainly should be very proud of our leadership there.

The Reaching Higher program itself put forward about \$1.5 billion in additional student aid. We've introduced upfront grants since then, and we've made other modifications and enhancements to tuition. The most recent was this spring, when we announced \$81 million to continue to expand the program, but also to enhance the program to allow students greater access to funds through OSAP.

Also, I had a chance to speak, I believe it was in my 30-minute response, about RAP, which I'm trying everything on earth to let every student know about. It's a repayment assistance plan which allows students who have incurred student debts through the OSAP system, that their repayment will be based upon their income, and that those students in low incomes in fact can have their monthly payments reduced to zero. We track the student's income, and when a student gets their feet under them and is in a position to start to repay a portion or all of their monthly payment, they basically pick up where they left off—there are no penalties; there is no retroactivity. I think that's going to reduce the default rate, which is actually at the lowest rate since we started to measure it in 1997. It's going to reduce that default rate even further; in fact, dare I say, under the RAP program, it should theoretically be as close to zero as possible, because if a student is proactive and follows up, we're going to take into account their financial situation as they move forward. I think it's going to transform a lot of that post-education anxiety that may exist out there.

**1000**

We've also done things like announced a six-month no-interest/no-payment for students, which allows six months, again, for students to get their feet under them as they move forward looking for a career and a job. Six months are often seen as that transition period that students undertake.

Tuition levels and student assistance: It's a discussion that we've had here at estimates from a number of different venues. I always point just to the basic evi-



dence, which is that we have 140,000 more students in our colleges and universities, so we must be doing something right, because that's a massive amount. I see my friend here from Guelph. I believe that's the equivalent of putting seven Universities of Guelph into the system. So obviously students are finding the system accessible and open. They're taking advantage of our programs. The number of students who are taking advantage of OSAP is increasing. I think those figures show a very robust system and one that's welcoming.

I've got to tell you: OSAP and student assistance is a major preoccupation. I met just a few weeks ago with student groups who were very pleased with the changes that we have made, and I threw out the challenge, "How can we work together to continue to strengthen the system?" There are always financial pressures. We can't make any promises, but this is very much a file that is very active in our ministry.

**Mrs. Maria Van Bommel:** Just a follow-up question.

**Mr. Rosario Marchese:** Are you happy with that, Maria?

**Mrs. Maria Van Bommel:** I've just got a follow-up question. When we say you have 140,000 more new students, one of the things that still—I find that if I look at my own constituents, there are still a number of families who have for the first time got a student who's going to university in their family history. That is something the families strive very hard for. I have a number of immigrant families, farm families who over the years have struggled to get their children into school, keep them there and send them on to university.

Do we have any sense of how many students who are in the universities right now are there as first-timers in their families?

**Hon. John Milloy:** I'll have to ask the deputy if we have the first-generation numbers. We undertake a large amount of activity and programming in terms of first generation, as it's called, the first in their family to attend. There are issues around tracking because of privacy issues.

We're just seeing if we can provide you with some numbers. Deputy, do you have numbers?

**Mrs. Deborah Newman:** We don't have the numbers of first-generation students. What I do have here are the investments and the initiatives that we have to support youth who are first in their families to go to college or university. We could certainly talk about those investments.

**Mr. Rosario Marchese:** Do you want those numbers, Maria?

**Mrs. Maria Van Bommel:** I'd like to have them, yes.

**Hon. John Milloy:** Yes, we can do it. Part of the issue—because we've certainly been tracking it. You haven't—

*Interjection.*

**Mrs. Maria Van Bommel:** Thank you, Rosario.

**Hon. John Milloy:** Yes. You haven't caught me by surprise here. We've raised the question. There have been issues around tracking them because of privacy. Our

embrace of the OEN, the Ontario Education Number, using that at a post-secondary level—issues like that will help us.

I'm wondering, though, if I could just—it's a related question. I'm trying to link everyone together here. Mr. Marchese spoke a lot about low-income students and OSAP data. We're certainly happy to provide him with that data, but maybe I could share it in response to your question about low-income students. This is data that responds to a study that Mr. Marchese spoke about. I think the stats they used were from a number of years ago, but this is about low-income families and them accessing it.

According to OSAP data, dependent students attending publicly funded universities and colleges from families in the bottom two income quartiles are accessing more OSAP assistance now than in previous years.

Students from families in the lowest-income quartile, which ranges from zero to \$29,000 per year, are doing substantially better. Between 2001-02 and 2008-09, the number of dependent university and college students from the lowest-income-quartile families who accessed OSAP assistance increased by one third, or 8,200 students. Over the same period of time, students from families in the second-lowest-income quartile, which ranges from \$29,200 to \$66,200 per year, are also doing considerably better. The number of dependent university and college students from families in the second-lowest-income quartile increased 21% over the same period, an increase of 7,500 students.

Throughout 2001-02 and 2008-09, the average amount of OSAP assistance provided to dependent university and college students from the two lowest quartiles increased about 31%, from \$6,175 to about \$8,100. For dependent students from the lowest-income quartile, upfront grants went from accounting for 9% of OSAP assistance received in 2001-02 to 25% assistance by 2008-09.

I'm not trying to suggest that first-generation students are necessarily from the lowest quartiles, but I think it gets at the whole thrust of your question of how we're making sure that OSAP is helping those students who need it the most, how we make sure that post-secondary education is as affordable as possible. It has to be our number one priority—making sure that we never have a situation of a student in the province of Ontario who is qualified and cannot attend college or university because of finances.

**Mrs. Maria Van Bommel:** I would appreciate the numbers. I understand there's a limitation in terms of the privacy issue, but—

**Hon. John Milloy:** On first generation, yes.

**Mrs. Maria Van Bommel:** Yes, on the first generation. But, as was stated, we have a number of programs where we've been trying to encourage first-generation students, and it would be kind of nice to have a sense of how successful that program has been. I also understand the limitations of privacy issues, but there must be some sense and some general information that we could find.

**The Chair (Mr. Garfield Dunlop):** Does Ms. Sandals have a question, too? We've got about three minutes left here.

**Mrs. Liz Sandals:** Okay. As you know, Minister, because we share the same regional economy, there have been a huge number of layoffs in the manufacturing sector and, therefore, a huge demand for retraining. Sometimes one of the things that people look at for retraining is private career colleges.

I want to make it clear that I've got some excellent private career colleges that provide focused programs in a particular area, but you also periodically hear horror stories, quite frankly, around some of the private career colleges and the level of service they provide. Yet people look at them and they seem to offer a lot of flexibility around quick in, quick out. People are anxious to get retrained and move on with a new job.

I'm just wondering, Minister, what the ministry is able to do in terms of sorting the low quality from the high quality and protecting students who really are interested in pursuing the private career college route.

**Hon. John Milloy:** Sure. It's an excellent question. I always am very quick to point out that there are literally hundreds of outstanding private career colleges in this province that do excellent work. They are as concerned as everyone about student protection, because it affects them.

A very quick history: Until, I believe, 2005, private career colleges—there was basically a list that was kept somewhere, as you would a business registry. In 2005, my predecessor brought in an act in the Legislature, which came into force in 2006, that began the process of registering private career colleges and making sure that their curriculum was up to snuff; to make sure that there was information available for students about the private career college; that we could talk about a registered private career college as having a seal of approval from the province and provide students with that guidance.

We've taken further steps. There was a piece of legislation before the Legislature this spring that further strengthened the act. We've brought in changes in terms of policies and practices. We've worked very closely with the Ombudsman, who came forward with a report looking at the private career college sector. We've brought in some enhancements which serve to protect students, because that's the number one priority we've had.

Just to give you a taste of some of the enhancements, because I know the Chair may cut me off in a second, we have a process in place which calls for rigorous scrutiny of PCCs before allowing them to operate in Ontario; the creation of a framework to set standard requirements for certificates, diplomas and other credentials; and improvements to the program approval process. We'll introduce program standards and key performance indicators for all PCCs.

In terms of student protection, we've developed a number of initiatives, including a student awareness campaign to arm students with the information they need

before enrolling in a private career college; new standards for the regulation of private career college advertising to protect students from misinformation; increased protection for international students who pay fees before beginning their programs in Ontario; and informing students with a statement of student rights and responsibilities, ensuring they have access to the complaint resolution process.

In addition—and I believe we talked about this early in the estimates process—we developed the training completion assurance fund, or TCAF, which took effect January 1, 2009, and allows students to complete their training or receive a refund if a private career college suddenly closes.

That's just a quick overview of the work that's going on. Again, I value what happens in our private career colleges. We are committed to working with them to make sure that the bad apples are shut down, because it hurts students and it hurts the sector in general.

I see that the Chair is looking like I'm out of time.

**The Chair (Mr. Garfield Dunlop):** No, that's just fine; just about perfect. Thank you very much. That does complete the time.

Ladies and gentlemen, we will now deal with the votes. There are four votes here.

Shall vote 3001 carry? Is that carried? Carried. Okay.

Shall vote 3002 carry? Carried.

Shall vote 3003 carry? Carried.

Shall vote 3004 carry? Carried.

Shall the 2010-11 estimates of the Ministry of Training, Colleges and Universities carry? Carried.

Shall I report the 2010-11 estimates of Ministry of Training, Colleges and Universities to the House? Do we agree to that? Okay.

That concludes the estimates for the Ministry of Training, Colleges and Universities. I want to thank the minister for your attention and for your presentations, as well as to the deputy minister and all the staff of the Ministry of Training, Colleges and Universities.

We will recess now until this afternoon, when we move forward with the Ministry of Health and Long-Term Care. The meeting is adjourned.

*The committee recessed from 1014 to 1550.*

## MINISTRY OF HEALTH AND LONG-TERM CARE

**The Chair (Mr. Garfield Dunlop):** Thank you very much, everyone. Minister Matthews, welcome to the meeting. And Deputy Minister Saad Rafi, it's good seeing you again.

We are here this afternoon for the consideration of the estimates of the Ministry of Health and Long-Term Care for a total of seven and a half hours. The ministry is required to monitor the proceedings for any questions or issues that the ministry undertakes to address. I trust the deputy minister has made arrangements to have the hearings closely monitored with respect to questions raised so that the ministry can respond accordingly. If you wish,



you may, at the end of your appearance, verify the questions and issues being tracked by the research officer.

I now call vote 1401. We will begin with a statement of not more than 30 minutes by the minister, followed by statements of up to 30 minutes by the official opposition and then the third party. Then the minister will have another 30 minutes to reply to this. You must use the 30 minutes to respond—the answers can't be to your own caucus; just to make sure. You'll have two 30-minute opportunities to speak in response to some of the questions they may have asked in their 30 minutes. If you decide not to use any of your second 30 minutes, it would immediately go into a 20-minute rotation, starting with the official opposition.

**Hon. Deborah Matthews:** Okay.

**The Chair (Mr. Garfield Dunlop):** Okay, you understand.

**Hon. Deborah Matthews:** Now I do. I thought you were saying that I have to use the second 30 minutes.

**The Chair (Mr. Garfield Dunlop):** You can use as much of it as you want, but up to 30 minutes at every time.

**Hon. Deborah Matthews:** Okay.

**The Chair (Mr. Garfield Dunlop):** The official opposition and the third party can immediately go to questions if they want, or they can do a 30-minute statement as well.

**Hon. Deborah Matthews:** Okay. Thank you.

**The Chair (Mr. Garfield Dunlop):** With that, we'll begin with the minister. Minister Matthews, you're more than welcome to take the floor for the next 30 minutes.

**Hon. Deborah Matthews:** Great. Thank you so much. Chair, members of the committee and anyone who's watching this, it's truly a privilege to be here before you. The last time I had this opportunity was one year ago and I had been minister for just a matter of weeks, so hopefully I have learned over the past year more about this ministry. I think I have.

What I can say with real confidence is that I'm very, very proud of what this government has accomplished when it comes to health care in this province. Despite a challenging economic climate, we've continued to make investments in Ontario's health care system, and those investments have paid off for people right across the province.

From the beginning of our government's mandate, we recognized the complexity of the challenges facing the health system and appreciated the difficulties surrounding its future viability. Simply put, health care was in crisis when we took office in 2003. People could not find a family doctor; doctors were leaving Ontario; hospitals were being closed; nurses were fired; and we didn't know how long wait times were because nobody was counting. It wasn't a good time.

When I was elected in 2003 and began serving my constituents, one of the most frequent calls I got in my constituency office in London was from people desperate to find a family doctor. There were literally thousands of

people in my riding who could not get access to primary health care.

I also received calls and visits from constituents who were waiting far, far too long for the surgery that they needed—sometimes in the magnitude of years, not months. This was preventing them from working, contributing and just living a normal life. It also resulted in their conditions getting worse. As they waited, their condition deteriorated, and it simply was not acceptable.

There was no confidence in the future of our cherished universal public health care system. This created an opportunity for those who advocate for private health care to make their case. One of our core values—a universal, publicly funded health care system—was under attack.

That's where we were in 2003. If you compare where we were to where we are today, it's a complete turnaround. There are thousands more doctors practising medicine in Ontario. We have new nurse-practitioner-led clinics. We've had the most ambitious expansion of our community health centres. And I'm delighted to say that one million more Ontarians have access to primary health care today than when we took office. That means we've matched 16 people every hour, 24 hours a day, seven days a week, since we took office.

We've increased the number of physicians in Ontario. As a result of our expansions in medical school capacity, along with increases in training positions for foreign-trained doctors, the number of doctors graduating and ready to enter practice is expected to double in the period of time of 2003 to 2013.

To make the very best use of the talent our diverse province offers, we've supported international medical graduates, or IMGs, to practise in Ontario. In fact, IMGs now make up about one quarter of the physicians practising in Ontario today.

On the hospital side, as I said, we didn't used to measure how long people waited. Now we wait, we publicly report them, and we're making strategic investments to bring those wait times down. For the second year in a row, the Wait Time Alliance report card gave Ontario straight As for reducing wait times for hip, knee, cancer, cataract and cardiac surgeries.

We've made improving emergency room performance one of our top health care priorities, and we've put in place a comprehensive plan that invests in expanding alternatives to emergency room services, improving ER performance and facilitating timely discharge to appropriate care in the community. Under our wait times strategy specifically focused on the ER, people are waiting less time to get the care they need.

I'm pleased to say that our investments and targeted investments are showing real results. Our latest data show promising improvements. For example, 87% of patients with minor conditions are now being cared for and released within the four-hour target. I just want to be clear that when we measure ER wait times, we're talking really about the length of stay. It's not how long they wait for care; it's how long their entire length of stay is, from the moment they arrive to when they leave. So 87% of

people with minor conditions are being cared for and sent home within the four-hour period. And 92% of our patients with complex conditions that don't require admission to a hospital bed are cared for within the eight-hour target. We still have work to do when it comes to the wait times for those who need admission to the hospital, but we know what we need to do, and we're doing it.

By providing faster service through our emergency departments and introducing initiatives designed to encourage alternative levels of care within the community, we are improving the patient experience as well as the health and the well-being of the people of Ontario.

We also understand that we have to do more to ensure our seniors are aging where they want to. That, of course, is right at home, in their communities, where they have friends and neighbours and family members close by. That's why we've invested \$1.1 billion in the aging-at-home strategy, which is helping to shift care to the community, moving care to where patients want it—right at home. There are some excellent examples of where this program is working well, and I'd like to share some with you because I am particularly proud of them.

#### 1600

Clyde is a 69-year-old York region man who suffers from a serious neuromuscular disease called myasthenia gravis. Medication taken to control the disease made Clyde vulnerable to other conditions, including osteoporosis. These side effects, as well as severe bouts related to his condition, often required visits to the emergency department. Clyde worked with a pharmacist through the medication management support service to inventory and cross-reference the many medications he was taking. The pharmacist also modified some drugs to liquid form, making it easier for Clyde, who, because of his condition, had difficulty swallowing. Thanks in large part to the service, Clyde is able to successfully manage his medications and his illness is under control. His recovery is improving, allowing him to continue running his business.

In Scarborough, a new program to reduce transfers from long-term-care homes to the Scarborough Hospital emergency department is having a positive impact on patient care and helping to reduce wait times. The Central East LHIN nurse practitioner long-term-care outreach team employs nurse practitioners to provide care for residents in long-term-care homes for whom a transfer to an emergency department is likely.

Let me give you an example. Helen's 81-year-old husband, Wal, is a resident of a long-term-care home in Scarborough. She says that since Christmas, there were a couple of incidents where her husband might have been sent to the emerg, but the nurse practitioner outreach team was able to look after his needs right in his long-term-care home. She says that she's happy he's not going in and out of the hospital. This is an example of putting in place a service that improves care for the patient and also costs the system less money. Better for the patient, better for the system—that's where we're going.

Let me give you another example. In the north, Sioux Towers is an established seniors' apartment building that

provides seniors with 24-hour on-site support services. Supportive housing originally served 10 to 12 Sioux Towers residents and now has expanded to serve 29 residents through the aging-at-home program. The supports provided by supportive housing are geared to allow residents to continue to live independently outside of long-term-care homes for a longer time. The support services that are offered include personal care, light meal preparation, medication monitoring, 24-hour on-site response staff, housekeeping, laundry services and weekly grocery shopping. Services are tailored to meet the needs of each individual.

There are hundreds, indeed thousands, of examples of people that I could refer to, because this is happening right across the province, and thousands upon thousands of people are benefiting from our aging-at-home-strategy. The aging-at-home strategy allows our LHINs, our local health integration networks, to create health care solutions that are tailor-made to meet the needs of a local senior.

As you heard, the first two years of the strategy resulted in some very innovative and effective projects that are supporting seniors across Ontario. These programs and investments will help seniors live healthy, independent lives in their own homes and decrease the number of alternate-level-of-care—ALC—patients in hospitals. ALC patients are those individuals who are occupying acute care beds but would be better cared for in another setting, whether it be in their own home, in a long-term-care home or another community setting. By giving seniors the supports they need to live at home or in their communities, our investment will help relieve pressures in hospitals and in long-term-care homes.

In addition to the improvements I've cited, I'm proud of our reforms to ensure we're getting the best value for health care investments. One particular example is our efforts with the drug system. Ontario is one of the largest purchasers of drugs in the world, and when I actually saw what we were paying for our generic drugs compared to what those in other jurisdictions pay, I was appalled. I came to understand that we deserved a better deal than the one we were getting. In 2006, our government took bold steps to rein in the cost of drugs and expand patient access to medications. Since that time, we've reinvested over \$1 billion and added 168 new prescription drugs to the formulary, as well as 45 new cancer-fighting products—drugs like Nexavar, which is helping treat Ontarians with kidney cancer.

In short, the reforms in 2006 did make a difference, but we needed to do more. In June of this year, we started to further reform the prescription drug system to assure a wider availability of more affordable drugs. That initiative brought about the following changes: lowering the cost of generic drugs—that was exactly what we wanted to do—by at least 50% across the board to 25% of the original brand name drug. That's a 50% reduction for the generic drugs we, the government, buy. It's also at least a 50% reduction in the price that other people pay. So whether you get your drugs through an insurance plan or



whether you're paying cash for your drugs, you will benefit from the reforms we made on generic prescription drugs.

Another change we brought in was we eliminated professional allowances, to make Ontario's drug system more accountable, ensuring that pharmacists are fairly compensated for helping patients, by increasing the dispensing fees government pays and by compensating pharmacists directly for the services they provide and supporting access to pharmacy services in rural and underserved areas with dedicated new funding. We know these reforms are in Ontarians' interest. They are the right thing to do. There was tremendous opposition to this initiative from those who had a vested financial interest, but we stood firm in our commitment to be there for the people of this province, and we did it.

While our health care system has come a long way, we know that there is a great demographic challenge ahead of us. In fact, we are facing that challenge today. Our population of older people is growing quite dramatically. Escalating health care costs are the biggest threat to ensuring that the system will be there for future generations. I think I probably speak for everyone here when I say that we have an obligation to make sure that people today are getting the very best health care possible, but we also have an obligation to our kids and to our grandkids to ensure that the choices we make today will result in them having access to the health care system that we are blessed to have today because of the decisions of those who went before us.

You've heard the numbers before, but I'm going to remind you of them once again: About 46 cents of every dollar, almost half, of Ontario's program budget goes to health care. Twenty years ago, it was less than a third. If we don't make important changes to our health care system, it could jump to 70 cents of every dollar in just 12 years. We're not talking about way off in some unforeseen time period—in 12 years. And just a few weeks ago, CIHI reported that they're expecting health spending to reach a new high in 2010.

**1610**

It's abundantly clear that the past history of year-over-year increases in health care spending—health care spending growing at a rate many times more than our rate of revenues—is just unsustainable, particularly in the context of the serious economic pressures that Ontario, like jurisdictions around the world, continues to face.

Making sure that the system is there for future generations cannot be achieved by simply throwing more money at the problem. Neither is it reached through indiscriminate cuts in health services or limiting access for patients. Previous governments have tried that approach, and we won't go down that road again.

Waste, inefficiency and poor quality are very costly to the health care system. Highest-quality care does not mean more expensive care; on the contrary, quality care means cost-effective care. Poor-quality care is very expensive care. When people don't get the care they need the first time, they're back the second time. The cost is

significantly higher to the system and, of course, the cost to the individual is far higher. High-quality care means care that delivers value for the investment, in terms of a positive patient outcome and satisfaction.

The Excellent Care for All Act, which received royal assent in June, is the first step in improving the quality and value of the health care system. Tom Closson of the Ontario Hospital Association called the Excellent Care for All Act one of the most important pieces of legislation in the province's health care history. Our legislation means that health investments must produce results that are based on evidence and improved patient care. This means ensuring consistent standards, doing things because they have been proven to work, and not doing things that are not supported by clinical evidence.

If patients get the kind of care they need when they need it, this will reduce the number of hospital readmissions, which takes a toll on both the individual and on the system.

In that light, how do we ensure that future investments in health care will be based on evidence and improved patient care and outcomes? It's about building and supporting a culture of quality improvements, and we're going to be doing that across the health system, starting with hospitals. We will achieve it through new funding models and incentives, improved organizational accountabilities and governance, and better supports for providers to deliver evidence-based care.

Under the Excellent Care for All Act, all health care organizations, beginning with hospitals, will have inter-professional quality committees that will report to the board of directors on quality-related issues. Every organization will have quality improvement plans publicly posted. And in the future, executive compensation will be linked to the achievement of outcomes identified in those plans.

What the Excellent Care for All Act will mean is that hospitals across this province will compare their performance on quality indicators to other hospitals across Ontario. The boards will see the information that will tell them whether or not there's work to do on various quality indicators in their organization.

I've been talking to hospital administrators and board members across the province, and they're all excited about the opportunity that the Excellent Care for All Act opens up for them. They are up for this challenge. The goal is to bring about a focus on quality that will permeate the organization and drive better patient care.

We're also expanding the mandate of the Ontario Health Quality Council to provide recommendations on standards of care based on clinical practice guidelines for services delivered by health care providers, as well as recommendations on possible changes to the way health care is covered and paid for. This will help ensure that future investments in health care get results and improve patient health.

Other changes we're championing are about ensuring that the money follows the patient. The current method of funding hospitals, a global funding system, does not sup-

port quality improvement and it does not reward efficient provision of care. Under our new system, we will have transparency in terms of how much care should cost and why, based on good clinical evidence, and we'll deliver more funding to hospitals that are delivering more services and high-quality care to more patients. I want to be clear: We're moving to patient-based payment for large hospitals. The small hospitals, we recognize, play a unique role in their community, and we'll continue to fund them as we have in the past.

Before I finish, I want to touch on eHealth. As you know, there have been some changes there, which I'd like to share with you now. Excellent progress has been made in getting eHealth Ontario back on track. In February 2010, the government appointed Raymond Hession as chair of the board of eHealth Ontario; Greg Reed was appointed CEO effective April 1, 2010, and he has brought in a new senior management team which has taken steps to rebuild the agency's capacity.

I'm very pleased that the agency has dramatically lessened its reliance on consultants. The number of fee-for-service consultants has been dramatically reduced from 394 in April 2009 to 105 in August of this year. Also, the ministry and agency have amended their memorandum of understanding to ensure compliance with the government's enhanced procurement rules.

What I am most proud of is that, just this morning, I stood up with physicians, patients and eHealth leadership to announce that we have hit a significant milestone when it comes to eHealth: five million patients in Ontario now have their medical file managed electronically. That's a fivefold increase from 2005. As I said this morning, when it comes to eHealth, we have clicked to the next page.

One final initiative that I want to draw your attention to is the new enhanced health care options website. We know that, thanks to the work we have done with our health care partners, people have many more health care options in the community, but they don't always know what those options are and where they can find them. It's important that we do a better job educating them on what those options are, and that's why we've improved the site. The idea is that if people know where to turn, fewer of them will be heading to the ER for issues that can be dealt with in the community. It's not rocket science; it's just making sure that people have information and know how to use it. I'm going to encourage you all to take some time on the site so that you, too, can learn about exactly what is going on in your community. It's a great tool and one I'm very proud of.

To sum it up, reducing wait times, improving access, improving patient outcomes, improving the experience of patients—it's all about person-centred care. Ontarians want and deserve quality health care when and where they need it. They want better options, they want more choices, and they want a health care system that is accountable and one that will be there for future generations. This government's investments and initiatives are designed to achieve that for Ontarians today and into the

future. We've come a long way, and we're up to the challenge to keep improving the health care system for all Ontarians.

Thank you for your attention, and I'm more than happy to take your questions.

**The Chair (Mr. Garfield Dunlop):** Thank you very much, Minister. You're just a couple of minutes shy of your time. So we'll now move over to the official opposition. You have 30 minutes. You can start with a statement, Mrs. Elliott, you can go right into questions, or you can do the whole thing as statements and questions, whatever you wish.

**Mrs. Christine Elliott:** Thank you very much, Chair. Good afternoon, Minister and Deputy Minister. I do have a brief statement that I would like to start with and then I will be turning the questions over to my colleagues, who have some more specific issues that I think they would like to ask you about.

This has been an interesting year for both of us. Here we are for the second time, and there's been a lot that has happened in the past year. We've had a few high-profile reports issued regarding health and long-term-care services in Ontario.

1620

This summer we saw the release of the Ombudsman's report on the Hamilton Niagara Haldimand Brant LHIN, which was very critical of the community engagement done by the LHINs. It confirmed that an illegal bylaw was used to hold secret meetings which resulted in the closure of community emergency rooms in Fort Erie and Port Colborne.

We also saw the release of the TD report Charting a Path to Sustainable Health Care in Ontario, which identified that if current trends prevail, health care expenditures would make up 80% of total budget program spending by 2030, something that we all need to be concerned about.

Earlier in the summer, the chief medical officer of health released her report entitled The H1N1 Pandemic—How Ontario Fared. The report did praise Ontario's collaboration in First Nations communities with respect to the dissemination of the vaccine, but the report also did draw attention to the fact that Ontario lags behind most other provinces with respect to the implementation of a comprehensive electronic medical record management system. The report also noted that the lack of electronic management in tracking of immunizations in Ontario was a critical shortfall in our capacity to distribute and track distribution of the vaccine.

Just a few weeks ago, the Auditor General released his report into consulting practices at the Ministry of Health, LHINs and Ontario hospitals. The report revealed that, despite Dalton McGuinty's promise to stop sending the hard-earned money of Ontario families to Liberal-friendly consultants, the same problems that plagued eHealth continue to plague the Ministry of Health, LHINs and Ontario hospitals.

Eight of the 16 hospitals the Auditor General looked at had lobbyists. These hospitals spent a combined \$1.6



million in taxpayer dollars on those lobbyists. Many contracts entered into by hospitals were sole-sourced and allowed to grow from small assignments to projects over several million dollars. Hospital consultants charged for expensive meals, alcohol, accommodations, conferences and unauthorized fees without questioning by hospital staff.

Seventy-five per cent of the sole-sourced contracts at the LHINs did not meet the requirements allowing for the exemptions. Two thirds of LHIN-awarded consulting contracts had follow-on agreements and most were awarded without a competitive process or justification for the additional work. There was insufficient information on invoices to support the amount paid in over 40% of the LHIN consulting contracts examined.

This year also saw the release of the final report of the Select Committee on Mental Health and Addictions. This groundbreaking report was based on powerful evidence presented to us—and I was proud to be a member of the committee—from over 230 presenters from all regions of Ontario over the past 18 months. We also received over 300 written submissions and visited many mental health and addiction facilities that allowed us to visit and ask questions. We were also invited to First Nations communities, which graciously hosted us and spoke to us of their unique concerns.

As other members of this committee are aware, also members of the Select Committee on Mental Health and Addictions, we heard a lot about the work that Ontario continues to need to do on the issue of mental health and addictions. We truly hope that the minister, the ministry and the government intend to proceed to implement all 23 recommendations of the select committee. I recognize that that one is in progress, and we do appreciate that, but I do hope that full implementation of all of the recommendations of the report will follow.

This year came with its fair share of scandal, untendered consulting contracts with the health sector, and often what seemed like a blatant disregard for taxpayers' money. We've watched as the HST has taken its toll on doctors' offices and the long-term-care sector. We've also watched the failure of the highly anticipated aging-at-home strategy. This government has spent over \$1 billion dollars on a strategy which has produced few results. Long-term-care waiting lists have continued to grow; emergency room wait times remain above provincial targets; the number of people in hospitals waiting for a long-term-care placement has increased; and more and more seniors are unable to access essential home care services.

We've also seen a few pieces of legislation that have been put forward this year, including Bill 46, the Excellent Care for All Act; the Narcotics Safety and Awareness Act, which is presently still in front of us; as well as the Broader Public Sector Accountability Act.

While well intentioned, all of these pieces of legislation failed to go as far as we needed them to to really make a difference in the sector. Our party put forward amendments, certainly with respect to excellent care for

all, which were intended to strengthen the legislation—I should also say, with respect to the Narcotics Safety and Awareness Act—but our amendments were voted down each time.

We are ready to support where we need to, but we would hope that the government would listen to further suggestions that we're making which are truly intended only to make the legislation stronger.

Finally, how could we forget the regulations that were put forward this summer that literally rocked the pharmaceutical industry? We're now dealing with pharmacies shutting down, medications on back order, and many small business owners trying to balance their losses in revenue while dealing with skyrocketing hydro bills and mitigating the impact of the HST, not to mention the huge cuts that were made in the industry without consultation.

In summary, as indicated in the TD report, the cost of providing universal health care to Ontarians is set to balloon in the next few years. The need for us to make the changes that we need to in order to prepare for those changes is profound. We need to have a comprehensive health care plan for the province of Ontario in order to be fully able to deal with the many challenges that lie ahead.

Despite several years of talking about a plan by this government, we have yet to see one. The need for leadership in health and long-term care is urgent. All Ontarians deserve an excellent, publicly funded health care system where you pay with your OHIP card regardless of who you are or where you live, and we continue to work with the government where they are moving forward in order to achieve that.

Thank you very much.

**The Chair (Mr. Garfield Dunlop):** Thanks very much, Ms. Elliott. We have about 22 and a half minutes for questioning to the minister. Are you asking questions?

**Mr. Jim Wilson:** Yes, Mr. Chairman.

**The Chair (Mr. Garfield Dunlop):** Go ahead, Mr. Wilson.

**Mr. Jim Wilson:** Minister, I'd like you to look into—and I've given you notice of this through a couple of order paper questions and a letter that I sent to the Premier on October 8, and I'm going to read that into the record. He forwarded it to you, asking you to look into it, on October 14. It concerns a very serious matter, a local matter for me, but I suspect it's also occurring across the province, and it ties into your remarks on the last page of your speech today when you said, "Ontarians want and deserve quality health care, when and where they need it."

I've had three medical laboratories close in the last four months in my riding, which was completely without notice to me, the community or the local municipalities. They're LifeLabs in Elmvale and Stayner, and Gamma-Dynacare in Tottenham. I just want to read for the record from October 8 this year:

"Dear Premier:

"I am writing to express my concern with the consolidation of medical laboratories in my riding. The closure

of three facilities in Tottenham, Stayner and Elmvale is having an adverse effect not only on the people in those communities, but also those serviced by labs in other areas of my riding.

“With the closure of the Gamma-Dynacare laboratory in Tottenham, my constituents now have to travel to either Bolton or Alliston to receive the same service. Not only do they have to travel further, they also have to endure longer lineups at those facilities because of the consolidation of services at those locations.

“In Stayner, LifeLabs decided to close their local facility and force people in Clearview township to travel either to Collingwood or Wasaga Beach—again, a longer drive for medical care and longer lineups for everyone in all of those communities.

“Next is Elmvale, where the Georgian Bay General Hospital—which is the Midland hospital, as you know—“has closed their twice-a-week service. Elmvale residents now have to travel all the way to Midland, pay for parking at the hospital and wait hours for care. All of this is obviously completely unacceptable to me and the people who rely on these services and their families.”

“I am a user of these facilities”—I suffer from diabetes and hypertension, which comes with the job, I think—“and I know how long the lineups can be. Now they are just going to get longer. When my parents were alive”—they both died within the last 14 months—“I can’t imagine how we would have managed had they not had a blood lab in their hometown of Alliston. There was no way in their final months that they could have travelled any great distances. But now that is exactly what the people of Tottenham, Clearview and Elmvale must do. What an unnecessary hardship for everyone involved.

“As Premier of Ontario, you are responsible for providing timely access to medical care for everyone, including small-town Ontario. I am urging you to direct your Minister of Health to immediately put in place a plan to return these services to these communities.

“I appreciate your prompt attention to this very important matter and I look forward to your reply.

“Sincerely,

“Jim Wilson.”

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He sent me a letter on October 14 saying he had directed it to you and had asked you to reply promptly.

I also want to read into the record a unanimous resolution from the corporation of the township of Clearview, in which Stayner is located. It was sent to me by Deputy Mayor Alicia Savage. It says:

“Whereas LifeLabs closed their only Clearview location in Stayner on September 27 with limited notice and no notification to the municipality;

“And whereas this is a vital service which now requires Clearview residents to travel to neighbouring municipalities;

“And whereas the province of Ontario is required to make such services available equally to all residents in Ontario;

“Be it resolved that the council of the corporation of the township of Clearview requests LifeLabs to immediately reinstate service in Clearview and supports the deputy mayor’s attempts to facilitate a resolution;

“And further, that Clearview supports MPP Jim Wilson’s lobby of the provincial government to provide service equally to all Ontarians.”

I also have an email that is from a lady in Angus, Ontario. I have several dozen emails and almost, I guess, 3,000 names on petitions, which I have been introducing almost daily in the Legislature. It may be a small thing in the scheme of things for the Ministry of Health. As a former Minister of Health, though, I do realize that we have to provide services as close to home as possible.

This came as a complete shock. I should say that I’ve met with LifeLabs. They admit that closing Stayner has put tremendous pressure on Wasaga Beach and Collingwood. In fact, the lineups are an hour to two hours long. I’m a month late going for my blood work because I haven’t got an hour to stand in line. Every time I go by, there’s a huge lineup at both locations. Again, we had a two-day-a-week clinic in Stayner. So I’ve asked LifeLabs to look into it.

One of the questions I have for you is: Are there wait time standards for medical laboratories? They don’t have any electronic way of knowing how long I’m in line. I’ve also got some photos here of the lineup. Notice that it’s in the morning. They are longer in the morning; people have fasted overnight. There are 33 people; there are 20 in the waiting room and the rest outside. They were all crammed in the waiting room. It’s a very small location. It’s inhumane. LifeLabs said that they would look into it.

But again, there’s a monopoly in the province. There are only three companies, really, that have a third of the business each. So the other question I have is: In addition to wait time standards of any type, is there enough competition in the sector? You control the licences, and I wouldn’t mind an explanation, a brief one, about how that works. And I wouldn’t mind a briefing from your ministry on how it works so that I can get up to speed on the system. But there’s LifeLabs, Gamma-Dynacare and CML HealthCare. It seems to me they’ve nicely divided the province up, and this may have been going on for dozens of years, for all I know. There’s no real impetus for them to provide services as close to home as possible, and they seem to be able to willy-nilly close these laboratories without any notice to any of us.

“Dear Mr. Wilson:

“I felt compelled to write and give you our support regarding this matter and offer you my two cents.

“Dalton McGuinty needs a reality check.

“I wonder if he or any member of his immediate family ever had to leave their home at 6 a.m. or earlier just to line up for blood work.

“That is the way it is for us and many others now. When do doctors want your blood taken? Usually after at least a 12-hour fast. Ever arrived at a lab ‘nice and early,’ thinking you’re going to be just a few minutes, only to find out that there are 20 people lined up ahead of you



even before the doors have opened? What about diabetic patients?

"I truly feel sadness for the people of Stayner et al losing their labs and having to incur parking expenses at hospitals.

"My experience has been when you do finally get in, there are maybe three technicians available to help (in the Alliston lab).

"Add that to the patients who need more than blood work (ECGs etc.), and that technician is tied up for 15 or 20 minutes with just one person. Call in extra help? Hell no! If you don't want to wait that long, you're told to come back between 10 and 11 a.m. Sure, as a diabetic I can wait 17 or more hours before eating anything so I can take my medication," she says sarcastically.

"Maybe the best thing would be to treat labs like doctors' offices, require patients to book appointments, and I'd really hate for this to have to happen, because then it would be, 'Sorry, all our morning appointments have been booked for three weeks. We might be able to fit you in at the end of next month.'

"My husband has needed blood work done for over two years. He hasn't had it done yet. Why, you may ask? Trust me, it's not because I haven't been pushing for him to go! He works construction in the Toronto region. He starts work at 7 a.m. and gets home at 6 p.m. He supports our family of four, and will not take an entire morning off. Labs used to have Saturday hours, but not anymore. Apparently there is a lab in Newmarket that's open a few hours on Saturdays. If he were to go to that lab he'd have to get up at 4:30 a.m. to be on the road by 5 a.m. and with travel (approx 45 minutes) and wait time (which I'm sure would be ridiculous, as it is the only lab open on Saturdays) he'd be lucky to be back home by 10 a.m.

"I'm guessing there are hundreds of other 'bread-winners' forgoing important blood work so they can work and get a full paycheck to pay" for all the taxes we pay in the province of Ontario.

"Perhaps you could ask him"—Mr. McGuinty—"what kind of effect this would have on the health care system then.

"Sorry for the rant, but that's my two cents, as I see it."

I have many, many more, but Ms. Elliott was kind enough to give me a few minutes.

I guess my order paper question—and then I'll wait for you to get back to me—would be, just to read it into the record:

"Would the Minister of Health and Long-Term Care explain when the ministry was notified of the closure of medical laboratories in Tottenham, Stayner and Elmville, and explain what steps were taken to prevent this cut to front-line patient care?"

Secondly: "Would the Minister of Health and Long-Term Care provide current wait times for each service provided at each of the medical laboratories operated by LifeLabs in Alliston, Collingwood and Wasaga Beach, and provide the wait times data for medical laboratory

services provided at the Georgian Bay General Hospital in Midland?"

So to wind up, Minister, I'd appreciate your help, your inquiry, to push these companies along. If the companies, for business case reasons or whatever, refuse to continue the service or reinstate the service, perhaps we could have some other plan of attack to make sure that my constituents receive the accessible health care they would get if they lived in larger centres.

**The Chair (Mr. Garfield Dunlop):** Are you looking for an answer right now?

**Mr. Jim Wilson:** The minister probably has a lot to say, but in the follow-up, Mr. Clark has a similar letter—

**The Chair (Mr. Garfield Dunlop):** Okay. Mr. Clark, go ahead.

**Mr. Jim Wilson:** It's on the same topic.

**Mr. Gilles Bisson:** No, I think he was doing it as an order paper question. He was doing it—

**Mr. Jim Wilson:** No, no. I was just reading it all into the record.

**The Chair (Mr. Garfield Dunlop):** You're reading it in—okay.

**Mr. Steve Clark:** I have a similar lab question, Mr. Chair.

**The Chair (Mr. Garfield Dunlop):** Okay, so you—

**Mrs. Liz Sandals:** Doesn't she get to respond?

**The Chair (Mr. Garfield Dunlop):** They can take as much time as they want. She can respond in her 30 minutes, or there may be some questions yet before the end of this first 30 minutes.

Go ahead.

**Mr. Steve Clark:** Thank you, Mr. Chair. I appreciate the fact that three of us are splitting our time for the minister.

I do have a very similar case to my colleague Mr. Wilson's. We have a LifeLab in the city of Brockville, and we've received over the last two weeks a number of calls from constituents regarding a variety of issues, things like hours that have been reduced in the municipality, issues of people waiting in line, standing up in the waiting room at LifeLabs in Brockville—very similar to some of the complaints that we've received. In fact, late last week we started to receive phone calls, as if it was the employees of the facility saying, "Call your MPP." That's unsubstantiated, but it just seems strange that we've received a flood of calls on the issue over the last couple of days. It just happened to be the days that I was back in the riding.

To sum it up, I've got permission from a gentleman in my riding—his name's Clarence Taber—to read his letter, and I think it really picks up what the issue is in Brockville. It basically reads as follows:

"On October 13, I went to LifeLabs to give blood extracted for diabetes and INR.

I arrived at 10:50 a.m. and counted 40 people, 17 standing. Having fasted since 5 p.m. the night before, I was quite weak. I was asked to take a number and waited one and a half hours to be called to give forms and information. Told to take a seat. Waited another one hour

and 40 minutes to be called to blood room. Waited another 20 minutes to have blood extracted.

"Several people there were diabetics and had been waiting four hours. They were feeling weak and dizzy.

"Four people on duty. At 12 p.m., two went to lunch, one doing EKGs and only one doing blood work."

Mr. Taber closes to say, "This is unacceptable. Most people were seniors."

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Day after day over the last several weeks we've received a number of calls, people very upset with the level of service. It's the only facility within the city. Again, some of the same points that Mr. Wilson brought forward: In the industry, people are asking those same questions. I have other emails, Mr. Chair, but I thought I would get that local issue on the record as well as my colleague.

**The Chair (Mr. Garfield Dunlop):** Okay. Back to Mrs. Elliott. Do you have further comments?

**Mrs. Christine Elliott:** Well, I have some questions, yes.

**The Chair (Mr. Garfield Dunlop):** You have about nine minutes left in this round.

**Mrs. Christine Elliott:** Minister, in July 2009 your ministry established the rural and northern health care panel to develop a new framework for health care in rural and northern Ontario. We understand that the report was delivered to you about eight months ago. Can you tell us why you're keeping this health care plan a secret?

**Mr. Gilles Bisson:** Maybe it's not a plan.

**Mrs. Christine Elliott:** Is it a plan?

**The Chair (Mr. Garfield Dunlop):** Minister, you can go ahead and answer.

**Hon. Deborah Matthews:** Chair, I just need a little clarification. Do I get an opportunity to respond to questions now?

**The Chair (Mr. Garfield Dunlop):** In your 30 minutes, you can do whatever you want. Right now, though, there's a question from Mrs. Elliott on the floor.

**Hon. Deborah Matthews:** So this is a combination question/statement period?

**The Chair (Mr. Garfield Dunlop):** Yes, it is, and you'll find the same with the NDP, the third party, and then the government members can—

**Hon. Deborah Matthews:** Okay, because I do have things I want to say on the labs, but I'll come back to that.

On the rural and northern, I think what is really important to note is that we've made a lot of improvements in health care that have really improved health care for all Ontarians, but increasingly we are aware that health care is different in rural and northern parts of Ontario. Our panel has worked very hard to come up with some recommendations and we fully intend to take the next step with the rural and northern panel, to release that report and to listen to what people have to say in response to it.

For me, this is a vitally important part of our health care system. I think we need to put very special attention on ensuring that we both maintain access to high-quality

care and provide the—it's both access and quality. I think we have to think outside the box when it comes to what kind of models of health care will take us into the next generation of health care in northern and rural areas. I think we have some great opportunities when it comes to telemedicine. I think we've got some great opportunities to think differently about health care in rural Ontario, so we will be proceeding with the next phase.

**Mrs. Christine Elliott:** So you have the report. Can I ask how long you've had it?

**Hon. Deborah Matthews:** I'd have to check to see how long I've had it. What I do know is that we are going to be taking the next step.

**Mrs. Christine Elliott:** When? Can you tell me when we can expect to see it?

**Hon. Deborah Matthews:** What I can tell you is that it's something that is high on my priority list.

**Mrs. Christine Elliott:** Is there a concern because the report's going to talk about how many ERs and hospitals you're going to have to close?

**Hon. Deborah Matthews:** I think it's time to have an open conversation about how we maintain both quality and access. That's something that I hope we approach in a non-partisan way, as we did mental health, because I think it really is for the betterment of all Ontarians, regardless of where they live. We take it seriously. We want to get it right; we want to get results. I'm reminded that there was an eight-page rural and northern framework in 1997 when the Conservatives were in government and it didn't go anywhere. So we're determined to get this right. We want to really have strong health care in our rural areas.

**Mrs. Christine Elliott:** If there's already a report, though, and you want to deal with it right away, why don't you make it public now?

**Hon. Deborah Matthews:** We will be doing that shortly.

**Mrs. Christine Elliott:** Can you define "shortly"?

**Hon. Deborah Matthews:** We will be doing that shortly.

**Mrs. Christine Elliott:** Are patient services going to be cut as a result of the release of this report? Are we going to see emergency rooms and hospitals close?

**Hon. Deborah Matthews:** Our determination is to get the best, highest quality of care for people in this province, regardless of where they live. What that means, and I think everyone really understands this, is that not every emergency department in the province of Ontario can provide the same level of care for every case that might arrive in that emergency department. That's why we have trauma centres; that's why we have stroke centres. The emergency departments do offer a different array of services.

I think it's an important conversation: With technology as advanced as it is, and it's getting better every day, how do we take full advantage of the very best technology and the best services to make sure that we provide the best possible care for people? I am not going to prejudge what the outcomes will be, other than to say we are absolutely



determined to get the best, highest quality of care as close to home as we possibly can.

I do want to tell you that we have created an emergency department panel. We've got the Ontario Medical Association, the Ontario Hospital Association and others around the table to really explore what issues are facing emergency departments now. As you well know, we have been able to have no unplanned closures of our emergency departments. I believe since we took office or certainly since 2003-04, there were no closures. That's a stark contrast to what was happening before, when there were unplanned closures on a regular basis.

We know there are human resources issues; we know that it's not always easy to get a physician to work an emergency department shift. So we've got some challenges, but we're going to attack it in a thoughtful, comprehensive way.

**The Chair (Mr. Garfield Dunlop):** You've got about two minutes left on this side.

**Mrs. Christine Elliott:** From what you're saying, it sounds to me like people in rural and northern Ontario are not going to be particularly pleased with this report.

**Hon. Deborah Matthews:** I completely disagree with you. I think people in northern and rural parts of Ontario will be very pleased to see that this is an issue we're taking very seriously. We're looking at community-based solutions.

People in rural Ontario are pretty smart people, and they know they want access to the best care. I'm thinking about my own area in southwestern Ontario. Where there are services, people want to be able to access it locally, very close to home. In other situations, they're quite happy to come to London to get the kind of advanced care that an academic health science centre can offer.

So we need to get it right. I think we owe it to the people of this province to really have an open and thoughtful conversation about how we can provide the best possible care as close to home as possible for all Ontarians. It means taking advantage of the technology that is out there now.

I'm going to give you an example. I was up on the James Bay coastline this summer—Mr. Bisson knows exactly what I'm talking about—talk about remote; talk about northern. These communities now have access to Telehealth. They just got it this summer. What it means is, people in those communities can actually be face to face over Telehealth with a specialist in a larger community. That's a big improvement in the quality of health care for those people. It means they have to travel less frequently. It means their wait times are significantly shorter. It's that kind of technology we need to embrace, and understand what niche can be filled by that kind of technology and others.

**The Chair (Mr. Garfield Dunlop):** That's just about the end of your 30 minutes, Ms. Elliott and the official opposition.

We'll now go to the third party. You have 30 minutes.

**Mr. Gilles Bisson:** First of all, just to set out the ground rules here, this is my 30 minutes. I can speak for

30 minutes, but I don't intend on doing that. I would just ask you to be somewhat patient with me and, when I ask you a question, not to try to take all my time, because I will cut you off. I'm just letting you know ahead of time.

**Hon. Deborah Matthews:** It's a deal.

1650

**Mr. Gilles Bisson:** Okay; very good. Let me just start off by making a general comment in regard to some of the things that you said.

Listen: There's no doubt we can all, in this committee, point to our riding and see where there have been some improvements in health care—and I'll speak to that a little bit later—but I don't want to let people think that all of a sudden your particular way of painting it is that all is well and all will be well, because there are certainly problems within the health care system. There are many challenges. I respect your work that you do as minister. I think you're trying to do the best that you can, given the limited resources we have and what you have to work in, but all is not well in our health care system. There are some real challenges, and they're not just rural and northern. I think there are also, in our cities, challenges when it comes to our health care system. We shouldn't try to leave the impression that all is well, because there is a lot of work to be done, to the point that I think some people are putting in question to what degree our public health care system is responding to their needs.

We all see it in our constituencies. We heard from our Conservative friends in regard to people having long waits in order to get blood work done in labs. I'm not 100% sure how you fix that, other than just putting money into the problem. People are waiting longer in hospitals when it comes to emergency. In a lot of communities where I come from, 50% of the community doesn't have a doctor. There are many challenges, so I just want to say that out front. But I do respect that you're trying to do the right thing.

The other thing I just want to say as a general comment is that some of the change that you talk about in regard to this particular report that has been authored in regard to rural and northern Ontario health care services—my understanding of it, and correct me if I'm wrong, later; not at this point, but later—is that what the LHINs are telling us is that they're going to have to shift existing resources.

For example, just as a specific: In our riding, as you know, we have five hospitals: Timmins and District, which is a regional hospital, followed by Smooth Rock Falls, Kapuskasing, Hearst, and now one hospital on James Bay, which I'll talk about later, WAHA, Weeneebayko Area Health Authority—anyway, we'll get to that later. The point is, there are challenges in a lot of the smaller hospitals, let's say like Smooth Rock Falls, when it comes to budget deficits, but then there are equal and even bigger challenges at the larger hospitals, such as Timmins and District.

Like you, I get a chance to meet with these people on a fairly regular basis, and they're all saying they have a problem. They're all saying that it's a question of,

"We've been cutting and cutting and doing everything that we can, and we're really at the point where there's not a heck of a lot to be done other than cutting into services." The only option is to start shifting services within the region, is what they're being told by the LHN, which is that some services in smaller communities, if you took that to its logical conclusion—and I'm not saying you're saying this. That might mean to say that you move services from smaller communities to regional communities. I just want to say upfront that that does not make for a better health care system. People living in Hearst need obstetric services. They don't want to have to drive to Timmins in order to deliver a baby. A person who breaks a leg needs to make sure that they can get it set and cast in Kapuskasing. They don't need to drive to Timmins and do those things. Plus, it's probably more expensive to do it on a regional basis when you truly look at it.

So I just want it put out front that I hear you, I agree with you and there are a lot of challenges, but I think it's going to take more than just shifting money around the system. We need to make some pretty hard choices about what priorities we want to fund, and that means to say that we're going to have to probably put more money on the table in the longer run. We're not going to be able to get around that. We can try to dodge it as much as we can.

My only lament would be that I hope we have a rational process to go through, and I mean "rational" from the political point of view as well. The New Democrats, Conservatives and Liberals can have this discussion, unlike the crazy discussion we're seeing in the United States these days when it comes to politics. I can't believe it: the head of the Republicans saying he won't work with the Democratic elected officials for the next two years and won't work with the President because their only job is to kill the President, to get rid of him. I'm saying, "That's not politics; politics is about compromise." All I'm saying is that I hope we're mature enough in Ontario to have this kind of discussion about what needs to be done. But it's going to take money in the end, and that's a tough one. I don't know where you go, there.

So I just wanted to say that at the beginning. I guess I want to make one general comment, which is a positive one, and then I'm going to get into some specific questions, and that is just publicly to say thank you. Quite frankly, we have been trying to merge the James Bay General Hospital with Weeneebayko—oh God, I've been here for 20 years and it probably predates me. I've been involved in this particular file for 10 or 12 years. George, before you—George Smitherman, the minister—was involved; so was Mr. Caplan and yourself; so was Mr. Wilson; so was Madame Lankin; so was Evelyn Gigantes. Everybody has been involved in this file.

I just want to say thank you; it's finally done. In the end, members should know that it took a push on the part of the minister—and I'm not going to get into the

details—to make the final part happen. I went to her as a result of the request from the hospital.

I brought it to you; you acted within about 12 minutes. I'm exaggerating, but you know what I'm saying. It took some moxie on your part as minister to understand that it took your personal intervention to move this thing forward, because if we had not dealt with that issue, we wouldn't be talking about an amalgamated hospital today; we'd still be trying. I just want to say, from the people at WAHA and the people from Moosonee, Moose Factory and other communities that are served by the new hospital, thank you for having intervened, because that did make a difference.

Now I'm going to go to a question.

Special act: We have had this conversation, so I already know the answer, and now I'm trying to pin you publicly. I'm going to be blunt about it. There's no use pussyfooting around this stuff. The politics of this, just so the members know: As we've done the integration of the hospitals, and thankfully so, we've gone the way of a voluntary integration agreement. Some would argue within the ministry, "Well, you don't need a special act because we have a voluntary integration agreement and everything's taken care of." But from the perspective of First Nations, they want the special act for reasons the minister well knows. It gives the added level of comfort that it is something that is guaranteed, and from the perspective of First Nations there have been too many promises broken in the past, and they are looking for something that is a little bit—how would you say?—more weighty, more official.

I know we've had this conversation, but just for the record, will you support the special act when it does come forward? And perhaps we can get a bit of an update of where that's at. That's my first question.

**Hon. Deborah Matthews:** Okay.

**Mr. Gilles Bisson:** You don't have to comment on the rest of it, other than to say, "You're welcome."

**Hon. Deborah Matthews:** It's okay. I actually want to return the compliment to you. I think a little history is important here. In Moose Factory there were two hospitals. Still to this day, for now, there are two hospitals: the old Indian hospital that was the federal hospital at Moose Factory Island, and then the non-Indian hospital—

**Mr. Gilles Bisson:** The provincial hospital.

**Hon. Deborah Matthews:** The provincial hospital just across the river.

It makes a whole lot of sense to bring the resources together. It absolutely means better care for people. I feel really blessed that I was able to spend some time there this summer and really see the extraordinary people, the extraordinary health care professionals who do just very, very fine work.

So I want to say thank you, because I know that you have worked through many, many health ministers and you've played a wonderful leadership role in getting the parties together.

**Mr. Gilles Bisson:** I appreciate that.



**Hon. Deborah Matthews:** So I want to acknowledge your work on this too.

**Mr. Gilles Bisson:** And don't duck my question. I appreciate that.

**Hon. Deborah Matthews:** I know.

On the special act, I was honoured to be at the opening of the Meno Ya Win Health Centre in Sioux Lookout. I know it's a similar situation there, where two hospitals have now come together and have a beautiful new building combining those resources to provide better health care. I understand they did have a special act. There is a precedent there.

I can tell you that we're very much looking at that model, and while I can't commit right now to when it will happen, what I can tell you is that I am persuaded that it would formalize an agreement that was come to voluntarily. It might not be legally necessary, but I do understand the symbolic importance of having that special act.

**Mr. Gilles Bisson:** That's another way of saying yes. Thank you very much. Okay, I appreciate that.

Let me get to some other questions. Let me get to the simpler ones.

I raised a question in the House a while back in regard to provincial labs. There is this review under way—that has actually happened, I should say—in regard to consolidating lab services. These are the provincial labs that do water and various—as a matter of fact, I just got the water results for my cottage. That's what I was doing when—

**Hon. Deborah Matthews:** Everything okay?

1700

**Mr. Gilles Bisson:** Yeah, they were fine. It reminded me to call and get my results. But rumours abound: Timmins is going to get merged into Sudbury. As I argue, bigger is not necessarily better; regional is not necessarily better. The decision, I know, has not been made, and I'm just wondering if we can get a sense of when the decision will be made. And hopefully you will be onside to make sure that we still have a lab in Timmins, Madam Minister, so that I can say more nice things about you.

**Hon. Deborah Matthews:** Interesting that we're getting lots of lab questions today—

**Mr. Gilles Bisson:** A different kind of lab.

**Hon. Deborah Matthews:** A different kind of lab—I understand that—but labs nonetheless. Remember, in your preamble to the question, that you talked about the need for more resources, and we're going to need to spend more money in order to keep improving health care. I agree with you, and our plan is to continue to increase spending year over year when it comes to health care, just not at the rate that we have historically been increasing spending.

But I absolutely believe that we can get better value for the health care dollars we're spending today. Part of the solution is focusing on quality. As I said earlier, poor-quality care is actually very expensive care. We also know that under the Excellent Care for All Act, we are actually moving forward on looking at the evidence, and

if there isn't evidence to indicate that a procedure improves outcomes for patients, we have to look really hard at whether or not we will fund that.

This is a long way of saying that when it comes to labs, this is a decision of the agency; it is not my decision. What I can tell you is that quality matters and value matters, and so, if we can get better value without sacrificing quality, then we're going to have to make some of those tough decisions.

**Mr. Gilles Bisson:** I just want to make the pitch now, because we've seen this show before. We've amalgamated school boards and we now have larger school boards. We ain't saving any money, and I'm using "ain't" for a reason. You know, we are actually spending more money running these school boards, because it's more expensive to run the larger ones, for all the reasons that I can list and get into. I know Liz was on a school board, so you know very well what I talk of.

We've gone through the amalgamation of social services when we created the DSBs, the district service boards. They, at the end of the day, cost us more money. My pitch is that bigger is not necessarily better; regional is not necessarily better. There are probably some things we can do. Our area has been in the vanguard—for example, in our hospitals, there's a lot of sharing of services that started to happen way before the ministry ever came to Timmins, Iroquois Falls, Matheson, Smooth Rock Falls, Kapuskasing, Hearst and Moosonee-Moose Factory, in order to try to find ways to share administrative services, laundry services, in some cases dietary, so we know we can do those things. But at the end of the day, it doesn't mean shutting down the facility in that area. It means to say you may have some things that are done differently and you're able to find the savings. I just make the point. I heard what you had to say, but closing that lab, at the end, would be the wrong thing.

Another question, and just because I don't know how much time I'm going to have: CCSVI. I ain't going to give you the long story, Minister; you know the issue. For those people reading this Hansard and trying to understand what I'm talking about, it's in regard to people who suffer from multiple sclerosis. Dr. Zamboni came out with this new treatment, which I'm not going to explain in any detail. There's some controversy as to: Is it or is it not as good a treatment as it's made out to be? I just want to say the following and then ask you a question: The reason I wasn't here last Thursday during the House is that I was at a meeting with constituents in Kapuskasing. I was floored. They had 50 or 60 people show up, and Kapuskasing is a town of 10,000. I know there are people with MS, but I was surprised that there were that many people who showed. The message that they gave me and I'm passing on to you is, this is the only hope they've had, and you understand that because I'm sure you've been lobbied. People with MS have had to suffer for a long time. It's a disease that in some cases gets worse and worse, and unfortunately, sometimes causes death. Finally, there's something that gives people some hope, and they see Ontario—they see the rest of

Canada for that fact when it comes to provincial ministries of health—not stepping forward and being as proactive as they need to be. Here's what they're asking me, if you can respond to this.

The NDP government in Manitoba—and I don't say this because I'm a New Democrat, because I think there's another province that has already done this as well, and I don't have my briefing note with me, so I can't remember the other province, but I do know the NDP ones. They've said, "Here, we're setting aside some money"—I think it's half a million dollars—"so that if the study comes out and shows that in fact this is a surgery that will benefit people, we will have the money in place at that point to be able to go ahead and provide that service."

My first question: At the very least, can Ontario take that position, so that when the study is done—and we expect it will be done in about a year and half, the way I see the timing now—at the end of that process, there would be the money to fund the surgery if it's proven to be positive? That's my first question.

**Hon. Deborah Matthews:** Is your second question about CCSVI too?

**Mr. Gilles Bisson:** The same thing, but a different question. On the first one, is Ontario prepared to put up the dollars, to say, "Yes, if this thing turns out to be as positive as Dr. Zamboni makes it out to be and it is beneficial to the patients of Ontario, we're prepared to have that surgery done in Ontario"? That's my first question. I'm just asking. You can respond.

**Hon. Deborah Matthews:** I'm going to take a minute and answer this.

**Mr. Gilles Bisson:** Yes, but don't make it long, because I have how much time?

**The Chair (Mr. Garfield Dunlop):** You've got 14 minutes.

**Mr. Gilles Bisson:** So try not to take too much—

**Hon. Deborah Matthews:** I'll be less than 14, I promise.

**Mr. Gilles Bisson:** You'll be a lot less than 14.

**Hon. Deborah Matthews:** This is a very important issue for people with MS and for the families and loved ones of people with MS. I have to tell you that I have received many, many letters, all of them heartbreaking. My own grandfather actually had MS, so I have some personal connection to the disease. I think you're absolutely right, that this is a glimmer of hope that people suffering from MS have.

We haven't done well when it comes to treating some forms of MS, right? There haven't been improvements in the drugs that other diseases have benefited from. There hasn't been a lot of hope, and this is a glimmer of hope.

Having said that, we are watching the science on this very closely. The ministers of health who met in St. John's in September had a presentation from a panel of experts from CIHR, the Canadian Institutes of Health Research. They went carefully through the evidence to date and what research is under way right now to confirm

whether or not this actually does improve outcomes for people.

What we committed to then, as health ministers, is that we believe we owe it to people suffering from MS to get them an answer as quickly as possible one way or another.

You may know that there have been a series of treatments that have been proposed for people with MS. There was a bee sting therapy; there was a hyperbaric chamber therapy. When there is a disease like this, sometimes that glimmer of hope is—

**Mr. Gilles Bisson:** Oh, yes.

**Hon. Deborah Matthews:** So what I'm telling you is, we're following the science very carefully. If and when the science tells us that, yes, it's time to take it to the next step, we will be there.

**Mr. Gilles Bisson:** So you're telling me that if a decision was made on Monday, on the part of the studies, to indicate that in fact, yes, this is a treatment that is beneficial, that Ontario, by Tuesday, would be—I'm being a little bit figurative, but my point is, we wouldn't have to wait for a budgetary process to happen in order for you to get the appropriation. In other words, it would be a fairly short time to get into the surgery.

**Hon. Deborah Matthews:** What I'm telling you is that we're watching the science very, very closely. I think it's fair to say that Dr. Zamboni—

**Mr. Gilles Bisson:** We're running out of time, so I'm going to be a little bit more tough on the question.

**Hon. Deborah Matthews:** Dr. Zamboni himself has said—

**Mr. Gilles Bisson:** We know all of that.

**Hon. Deborah Matthews:** —we're not ready yet, right?

**Mr. Gilles Bisson:** I know that, and actually, we talked about that at the meeting in Kapuskasing.

**Hon. Deborah Matthews:** Okay.

**Mr. Gilles Bisson:** My point is that if a decision is made—because the Ontario Health Technology Advisory Committee has to approve this at the end, if they come back and say, "Yea, it's a positive," what you're saying today is that the ministry would fund the surgery.

**Hon. Deborah Matthews:** I don't want to do the hypothetical thing.

**Mr. Gilles Bisson:** I'm not being hypothetical; I'm being—

**Hon. Deborah Matthews:** What I can tell you is that if, in fact, this is what some people hope it is, then it would be a godsend for people with MS. I'm not going to prejudge the experts and the advisory—

**Mr. Gilles Bisson:** I'm not asking you to prejudge, and neither do I.

**Hon. Deborah Matthews:** There's nothing I would love more than to find that this is a solution.

**Mr. Gilles Bisson:** Listen, Minister, I'm not asking you to prejudge. I said to the public that was there the other night, "I'm not a doctor. I don't understand this stuff." I don't want to make the decision yea or nay to fund something if I don't know if it's medically appro-



priate. My point is, and all I'm asking—there are two parts to my question. The first part is, if it turns out that in fact this is something that is medically appropriate and is beneficial, what I think I heard you say was, yes, the ministry would fund the surgery.

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**Hon. Deborah Matthews:** If the science points to it, we're there.

**Mr. Gilles Bisson:** All right.

The second point is, one of the approaches by some of the provinces is that they help to offset the cost for patients to travel in order to get the surgery done in the United States, Poland and other places where these are done. I'm not necessarily asking that you do that. What I'm asking is the following, and this is a bit of a leap: Are we in any way, shape or form capable of providing some sort of a test program in Ontario where we can monitor our own patients who have this surgery?

**Hon. Deborah Matthews:** I'm going to do my best to answer. A scientist could do this more justice than I can.

**Mr. Gilles Bisson:** But do we have the capacity in Ontario and is somebody willing to do it?

**Hon. Deborah Matthews:** There are steps in the research process—right?—that people like the folks at CIHR follow. We're not there yet. What they are doing now is looking at: Is there a correlation between having the blocked vein and MS? We're still at that stage: Is there a correlation? Then: Is the treatment effective? The answer is, we have doctors—in fact, one of them was at St. John's, a doctor from here in Toronto, who has, I think he said, 2,500 patients with MS, some of whom have paid for the procedure and had it done, and he is watching it very closely.

**Mr. Gilles Bisson:** All right. Well, more on that later.

With regard to health centre funding, is there any health centre funding that is going to be available within the next year to fund new health centres?

**Hon. Deborah Matthews:** Community health centres?

**Mr. Gilles Bisson:** Yes.

**Hon. Deborah Matthews:** We are having the largest expansion ever in the history of community health centres. I think we've got 49—

**Mr. Gilles Bisson:** I'd argue with you; 1990 to 1995 was pretty good. But, anyway, that's another point.

**Hon. Deborah Matthews:** I think we've almost doubled the number of sites, but—

**Mr. Gilles Bisson:** You've been there longer than us, but that's another story.

**Hon. Deborah Matthews:** Yes, it is indeed.

**Mr. Gilles Bisson:** In such a short time we did so much.

**Hon. Deborah Matthews:** I know. You've got to make hay while the sun shines in this business.

**Mr. Gilles Bisson:** So my question is, is there funding for new ones?

**Hon. Deborah Matthews:** What we're planning to do is continue with the program we've got now to continue the expansion of community health centres. I was at the

opening of one last week. So we've got a plan to move forward.

**Mr. Gilles Bisson:** Do we know how many are going to be funded in the next year? Do you have a sense of that?

**Hon. Deborah Matthews:** Why don't I turn to someone who might know?

**Mr. Gilles Bisson:** That's you. I think we're calling you.

**Mr. Saâd Rafi:** I would say that we're going to continue to fund the 73 that are in place today, and that's at approximately \$285 million. That's the 2010-11 plan in our budget.

**Mr. Gilles Bisson:** Are you planning on funding new ones in the next year?

**Mr. Saâd Rafi:** We haven't done our budget for 2011-12 yet, and that's not been submitted. So I'm not privy to be able to tell you—

**Mr. Gilles Bisson:** But there will be no announcement of new health centres until the new budget, is what you're saying, which is the next fiscal year?

**Mr. Saâd Rafi:** No, I didn't say that at all, actually.

**Mr. Gilles Bisson:** Okay; I misunderstood.

**Mr. Saâd Rafi:** I said that I'm not in a position to tell you what we're putting forward in the 2011-12 budget because we haven't had a chance to walk through that with respect to new centres.

**Mr. Gilles Bisson:** My question is, if somebody's working on an application somewhere in Ontario, could they expect that there's somewhere to bring this application where there may be a positive response?

**Mr. Saâd Rafi:** There's always somewhere to bring the application. They can send it to the ministry. I can't respond to you today as to whether there will be a positive increase in the number of community health centres in the next fiscal year.

**Mr. Gilles Bisson:** Minister, let's do the political discussion. Are you planning an expansion to the current number of health care centres in Ontario?

**Hon. Deborah Matthews:** What I can tell you is that I attended the opening of a community health centre on the Danforth, I believe, here in Toronto last week. It is a new community health centre. We're going to get the actual answer for you of what we've already committed to and where we're going from there. Can I take it that you would advocate we do more?

**Mr. Gilles Bisson:** I advocate the following. À la ville de Timmins ça fait longtemps qu'on essaie d'avancer la proposition pour un centre de santé communautaire francophone à Timmins. On a été chanceux d'avoir eu notre expansion à Kapuskasing avec un centre à Kapuskasing. À la communauté de Timmins, ça fait 15 ans. Il avait été financé en 1992 par nous, le gouvernement NPD, pour faire un projet pilote à Timmins, et il a été arrêté par ces gars-là à côté de moi. On essaie, depuis ce temps-là, de commencer le renouvellement pour être capable de mettre en place un centre de santé communautaire.

Alors, est-ce qu'on doit continuer dans cette direction-là? Est-ce que la ministre nous dit, « Oui, continuez à travailler. Mettez en avant votre soumission. À la fin de la journée, il y a une bonne possibilité que vous soyez capables d'être financés » ?

*Interjection.*

**Mr. Gilles Bisson:** She understood every word I said, I know.

**Hon. Deborah Matthews:** I'm going to respond in English.

**Mr. Gilles Bisson:** Just say "oui." That's all you have to say.

**Hon. Deborah Matthews:** We would be more than happy to look at the application—

**Mr. Gilles Bisson:** You know too much French, sir.

**Hon. Deborah Matthews:** I was doing well for the first little while, but then I needed the help of my trusty deputy to get me through.

We'd be more than happy to take a look at an application.

**Mr. Gilles Bisson:** Okay. We will contact you further on that.

Dialysis services—

**The Chair (Mr. Garfield Dunlop):** You have three minutes left in this round.

**Mr. Gilles Bisson:** I realize that, and that's why I'm coming to the last.

Nurse practitioner clinics, same answer—new NP clinics, same answer?

**Hon. Deborah Matthews:** We just announced—

**Mr. Gilles Bisson:** Yes, I know, but there will be another round, eh?

**Hon. Deborah Matthews:** We're committed to 25 and we've got 25 now announced.

**Mr. Gilles Bisson:** Again, the same answer: Till the budget is in next year, you don't know if you're going to have additional?

**Hon. Deborah Matthews:** Yes.

**Mr. Gilles Bisson:** Dialysis services: I just want to make the plug—no answer, because I've only got two minutes and 30 seconds. Kapuskasing is now chock full. They are completely to capacity when it comes to dialysis. I've got a constituent whose wife works in Kapuskasing. He lives in Toronto; he can't move to Kap because there's no room for dialysis. We're working with the LHIN, we're working with dialysis people at Laurentian, we're working with Sensenbrenner Hospital. We're doing all the work we've got to do.

It comes down to the basic point I was making earlier. Some of this stuff is not about shifting resources; it's about putting new resources forward. I'm just letting you know—we're actually meeting, I believe, tomorrow at 3 o'clock to talk with the people from Sudbury, with the hospital, with the LHIN and myself in my office about how we're able to put forward an application for an increase in dialysis services in Kapuskasing.

I just want to say for the record—the minister is going to like this—we got the expansion in Timmins thanks to George Smitherman. He actually came through on that

one. He announced it, and we're at the construction phase. We've got our new dialysis system in Moosonee, Moose Factory, as you well know—you visited it. The missing gap now is Kapuskasing and Hearst. There's a real problem in those areas, and I'm just letting you know, we are working on it and we are going to be with you soon with an application.

You didn't have to respond other than to say "oui." You can say "oui."

**The Chair (Mr. Garfield Dunlop):** You have a little bit of time.

**Hon. Deborah Matthews:** Yes, I really would like to take a moment.

**Mr. Gilles Bisson:** "Oui."

**Hon. Deborah Matthews:** "We" are working on this.

**Mr. Gilles Bisson:** You're so clever. Man, you're too clever for me.

**Hon. Deborah Matthews:** The Ontario Renal Network is really doing good planning work on this. There's no question that more people—we know that diabetes is a real predictor of the need for dialysis. We're doing our best to prevent people from needing dialysis, but the demand is growing.

We're really focusing on home dialysis. This is an area where we think there are real opportunities to get more people doing dialysis at home, freeing up spaces in dialysis clinics. We working hard, and I, too, have heard stories of people who really—when you're on dialysis, you are tied to that machine. It's three days a week—

**Mr. Gilles Bisson:** I did hear a "oui," but I wasn't sure what language it was in.

**Hon. Deborah Matthews:** It was the English "we."

**Mr. Gilles Bisson:** No, no, it wasn't. Don't say that. Thank you.

**The Chair (Mr. Garfield Dunlop):** That pretty well cleans up that time, so thank you very much to the third party. We'll now go to the minister. You have 30 minutes to speak to whatever you wish in response.

**Hon. Deborah Matthews:** Sure. I'll take a little bit of time—I certainly won't take the 30 minutes—just to respond to some of the issues that were raised.

I'm going to start with Mr. Bisson's first comment. He reminded us that, while there have been improvements made, all is not well. There is no question that we still have work to do, and we are determined to keep making progress. We can see very clearly that there is more to do.

When you say that 50% of the people in your community don't have access to a family doctor, that simply isn't good enough. We've made tremendous progress. Almost 3,000 more doctors are working in this province now than seven years ago. We've made some important changes to the underserved area program. We have a new program, the northern and rural retention and recruitment program, that's designed to get people working in the north. But I couldn't agree more: We've still got work ahead of us. I just really wanted to acknowledge that.



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On the issue of labs, what I want to say is—and Mr. Clark is here—that this is an issue that has caused me some real concern as well. I think it's important to take a good look at it. We do not have wait time protocols for labs. We have got wait time standards for a lot of other things, and we're increasing the number of things we are measuring. I take your advice seriously that this ought to be something we take a good, hard look at.

I think it's important to know that these are private companies. These are not government services. They are, in large part, but not completely government-funded. But we do expect good service for people when it comes to accessing lab services. So I hear what you and what Mr. Wilson have said about the unacceptably long wait times; the hours not being sufficient; closures. I think you've raised some good questions. And I think Mr. Wilson raised the issue: Is there enough competition within the lab sector?

What's important to me is that people actually get the tests they need. We know, with diabetes, getting those blood tests—there are three tests we're really encouraging people with diabetes to get. If the system isn't responding well to that, isn't facilitating that, then there's a problem. So we'll take a good look at it.

One thing you should know is that we made a change to our funding of vitamin D testing. The vitamin D testing, which is done in labs, increased by 2,500% over the last few years. Now what we do is we will fund vitamin D testing for people who have conditions, where there's an evidence-based reason for them to get testing. This will take pressure off labs. It will increase capacity for labs. But I do think it is something that we need to take a good look at.

The issues raised in Ms. Elliott's introduction that I simply must respond to—I assume that in the time we have together, these issues will come up again, and I look forward to that.

I do want to talk about the most recent report from the Auditor General. I think it's very important that people understand that the Auditor General has the power to go into hospitals that he did not have under previous governments. It was our government—because we wanted to find out what the problems were and we wanted to fix those problems—that gave the Auditor General the power to go into hospitals. It was our government that asked him specifically to go into hospitals, LHINs and the ministry to look at the issue of consultants in those organizations. I am proud that we're the government that facilitated this work.

I'm also proud that we're the government that introduced legislation that responds to each and every one of his recommendations. Indeed, we're going far further than he recommended that we do by bringing accountability and transparency to the entire broader public sector.

It's very disappointing to me that we are not getting the support from the Conservative Party on this legis-

lation. I think when the Auditor General gives us advice, then it's incumbent upon all of us to follow that advice.

We are also adding freedom of information to hospitals. This is a very big step when it comes to accountability and transparency. And I guarantee you that, because we have extended freedom of information to hospitals, there will be other stories coming out about practices that are unacceptable.

We knew, when we expanded the powers of the Auditor General, that he would find things; that's what the Auditor General does. The important thing that people expect of government is to fix the problems as they come up: to look for the problems, to shine a light on them and to fix them. The same thing will happen when we open up hospitals to freedom-of-information requests. We will find that hospitals can do better when it comes to focussing on the patient and focussing on the taxpayer. That's what this is all about.

I am disappointed that, as I understand it, your party will not be supporting the legislation. I have to say that that is disappointing because we're following exactly what the Auditor General told us to do.

I did want to acknowledge that you referred to the mental health and addictions strategy. I want to take a moment to compliment you, Ms. Elliott, on your leadership role in the Select Committee on Mental Health and Addictions. I just want to make sure this is on the record: It was a beautiful thing to see: Members from all parties working together—Liz Sandals and Maria Van Bommel were part of it—who really did put partisanship aside and worked to create a report that I think is a very, very important report. That worked because the members of the committee—Kevin Flynn, France Gélinas, members from all the parties—really worked hard to create that spirit of collaboration. You saw first-hand the impact of the system not working the way it could, and I just really wanted to applaud you for that.

I'm very pleased that we were able to move forward on one of the recommendations, I believe, the day after you released the report, on the narcotics. I do acknowledge there's much good work in there. I also have a minister's advisory group that is advising us on a 10-year strategy for mental health and addictions. I'm optimistic that there are opportunities to do much better for people with mental health and addiction challenges.

You did mention the chief medical officer of health and her report on H1N1, where she highlighted things that went right and things that we could do better. I think it was very important that she give us that advice. You mentioned that we were lagging when it comes to EMRs. Well, I'm really pleased to say that today, Ontario is leading the country when it comes to the adoption of electronic medical records. Today, I announced that five million Ontarians now have electronic medical records. We heard from physicians who were operating with electronic medical records and how easy it was for them to identify the people who were in the priority groups for vaccinations early in that vaccination procedure. So that's just one good example, one good reminder of how having

EMRs really can improve the quality of health care for the people of Ontario.

Finally, I was surprised that you brought up the issue of pharmacies because I don't think that there's any question left that the steps we took to bring down the price of generic drugs were the right thing to do. When I was in St. John's with the other health ministers, they actually asked Ontario to lead a national strategy to reduce the price of drugs by working together. This is an initiative that has really benefited not only the people here in Ontario who pay for the drugs but also the taxpayers. It will save us \$500 million a year, and that is money that we can put to better health care. There's no question in my mind that it was the right step to take.

I have to say, in my community at least, what I'm seeing is that pharmacies are actually reducing their dispensing fees, and they are expanding their hours. The doom and gloom that we heard about at that time simply has not come to pass, as was so direly predicted.

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I'm sure there will be other things that will come up, and I look forward to that over the next little while.

I'll just go to questions, then.

**The Chair (Mr. Garfield Dunlop):** Thank you very much, Minister. You've used only 10 minutes of your 30.

**Hon. Deborah Matthews:** Yes, so we can go to questions.

**The Chair (Mr. Garfield Dunlop):** So now we'll go to the official opposition for the beginning of 20 minutes, okay?

**Mr. Steve Clark:** Yes, I've got a bunch of questions.

**The Chair (Mr. Garfield Dunlop):** And we'll stay in the rotation for the rest—

**Mr. Steve Clark:** I think what I'll do first is just go back to one of the things Mr. Bisson said, just quickly. Minister, he asked about CCSVI, and I know that I and members of all parties have put together—almost every day in the Legislative Assembly there's a petition about CCSVI and the clinical trials. I was away the day that the MS Society had their lobby day, I guess is the word I'll use. I was actually back in my riding; my local MS Society in Leeds–Grenville celebrated their 45th anniversary. There were a lot of people that were here meeting with MPPs, but I did have a couple of them back in the riding, and they were honouring a number of volunteers.

It was funny; they asked me about CCSVI and they asked me which petition I had, and I said that my petition was the one that many of us, on all sides—it was about clinical trials. They said at the time that they agreed with that petition, that that was a good petition.

Picking up on what Mr. Bisson said, and you used the words, "We're watching," the question I have is: People are telling me that they don't want you to watch; they want you to be an active participant with some of the other provinces. I wrote the Premier and c.c.'d you after Premier Wall decided to go the clinical testing route. So the word I'm hearing, Minister, is that they want you to be an active participant; they don't want you to watch. They want you to be involved. It would be interesting to

get your comments on the comment from MS that they were very supportive of the fact that all parties were bringing forward these clinical trial petitions. I'd like to hear that first, and then I have a number of other questions.

**Hon. Deborah Matthews:** Sure. Just to be clear, I did speak to the Minister of Health in Saskatchewan about what they have committed to do, and contrary to what's being reported in the media, they are not proceeding with clinical trials. They too are watching the research as it comes in. What they have said is that when and if the science is there, then they will take that step.

I want to be really clear that we are doing research in Ontario. We are doing research—I'll just have to be reminded of exactly where that research is being done. There is research happening here in Ontario that will lay the foundation for future steps when it comes to MS treatment. I think that's the responsible thing to do.

We cannot, as stewards of the public purse, fund interventions where there is not sufficient evidence. It would be irresponsible of us to do that. I can tell you, it is very, very tempting to do that, but it would be irresponsible. So that is why we are watching and, as a province, we are participating in the research that is foundational to this potential treatment for people with MS.

**Mr. Steve Clark:** Thank you, Minister. I'm sure we'll talk about this again.

I've got a number of other questions. To start off, Minister, at eHealth, Cancer Care Ontario, your ministry and the LHINs, the Courtyard Group made off with I believe in excess of \$10 million that could have been directed into front-line health care. Can you use this time today in front of the committee to assure us that there are no other Courtyard contracts presently with your ministry?

**Hon. Deborah Matthews:** What I can tell you is that, in response to the Auditor General's report on eHealth, we tightened up our procurement policies, and again, we did it province-wide. We learned from what the Auditor General's report contained, and we, again, responded to all of the recommendations of the Auditor General's report.

**Mr. Steve Clark:** When you say "tightened up," does that mean that there are no contracts? Is that what "tightened up" means?

**Hon. Deborah Matthews:** "Tightened up" means that there are procurement protocols in place. As a ministry, we now have a central—maybe I'll let the deputy speak to this particular aspect of what we have done so that—

**Mr. Steve Clark:** No, I don't need to know what's done. If you've put these protocols in place, I'd like to know if Courtyard has contracts with your ministry.

**Hon. Deborah Matthews:** What I think is important is that—

*Interjection.*

**Hon. Deborah Matthews:** Okay, I have an answer for you: There are zero Courtyard contracts in the ministry as we speak.

**Mr. Steve Clark:** On eHealth: Are there any contracts, presently, with eHealth? I know you've said that things



have changed at eHealth. Can you take the opportunity to assure the committee that eHealth has no contracts presently with the Courtyard Group?

**Hon. Deborah Matthews:** I simply don't know the answer to that.

What I do feel the need to say is that what's important to me is that the procurement is done properly. What I think should be important to you is that the procurement is done properly: If there is a company that is a successful—what is the word—recipient?

**Interjection:** Vendor.

**Hon. Deborah Matthews:** The successful vendor, through a proper procurement process, and we get good value for money, and we have proper oversight of the contract, and if we are prudent managers. I don't think you're suggesting—at least, I don't want to think you are suggesting that we blackball certain vendors.

**Mr. Steve Clark:** I'm not suggesting, Minister; I'm just asking. I asked about the ministry; there's zero. I asked about eHealth; you don't know. I'll ask about Cancer Care Ontario: Does Courtyard have any contracts with Cancer Care Ontario that you're aware of?

**Hon. Deborah Matthews:** Not that I'm aware of. But what I can tell you is that the auditor was specifically asked, "Are there partisan ties to the contracts?" Do you know what the auditor said? He said "no."

You're on a fishing expedition because you, for political reasons—

**Mr. Steve Clark:** No, I've got 20 minutes; I can ask the questions I want to ask.

**Hon. Deborah Matthews:** —want to leave an impression that there are political—

**Mr. Steve Clark:** I've got 20 minutes. I'm asking legitimate questions. There's been tens of millions of dollars—

**Hon. Deborah Matthews:** There's an inference here that I simply must object to.

**Mr. Steve Clark:** —that have been given to Courtyard from all of those sources. I'm just trying to ask a few questions, Minister. You've answered, "Zero," "Don't know," and, "Not aware of."

Are my questions out of order, Mr. Chair?

**The Chair (Mr. Garfield Dunlop):** Your questions aren't out of order, but the minister can answer them as well if she wants.

**Mr. Steve Clark:** That's fine. So, I'll move on, Minister.

We've talked about a number of agencies. I'd be very interested, given the discussion on the LHINs, if you could enlighten me on the Courtyard Group with contracts that are currently with the local health integration networks.

**Hon. Deborah Matthews:** So what is your question?

**Mr. Steve Clark:** Are there any current contracts with the Courtyard Group at local health integration networks?

**Hon. Deborah Matthews:** I am not aware of that. What I'm saying is that I don't have it, and I wouldn't have it, because the LHINs are the LHINs, not the ministry. I wouldn't have that.

**Mr. Steve Clark:** The whole point the Auditor General's reports talked about—you've mentioned it at first: You've put these checks and balances in the system. If the checks and balances are in the system, I would hope that you'd be able to address some of the questions on a more specific basis.

**Hon. Deborah Matthews:** We're here to discuss estimates, and I will be happy to get the information that I can, but I am going to invite the deputy to speak about the process that we have instituted in the ministry in order to comply with the Auditor General's recommendations. Deputy, could you just speak about that process?

**Mr. Saad Rafi:** Sure. I think since about the spring of this year, we started to change the delegated authorities—that's what they're called—within the ministry for the deputy, associate deputy, ADMs and directors. What that means essentially is that we've tightened those requirements. There's no ability today to engage in contract assignment or letting RFPs without a dual sign-off between the sponsoring assistant deputy minister and the chief administrative officer. When it hits certain thresholds or exceeds certain thresholds, it will require the deputy's sign-off and/or the minister's sign-off. That was done in trying to respond to what were higher delegations of authority where ADMs may have been able to engage consultants.

**1740**

As well, the non-competitive procurement processes were changed over a year ago as a response to the government's changes in the procurement directives. So we've taken what the changes in procurement directives were, and we've enhanced those a great deal more as well.

**The Chair (Mr. Garfield Dunlop):** Okay.

**Mr. Steve Clark:** How much time do I have?

**The Chair (Mr. Garfield Dunlop):** You've got 10 minutes.

**Mr. Steve Clark:** I guess the last question, Minister, just to add to the previous four, is in regard to the hospital sector. Can you, at this committee meeting today, confirm whether the Courtyard Group has any contracts with any Ontario hospitals?

**Hon. Deborah Matthews:** I have absolutely no idea. What I can tell you is this: The legislation that we have introduced brings freedom of information to hospitals so that questions like that would be available under freedom-of-information legislation. I guess my question is, why would you not support legislation that would open hospitals to freedom of information?

One other part of our legislation is that LHINs and hospitals will be required to report on their use of consultants under this legislation. Again, I'm mystified as to why your party would not support that kind of transparency and accountability.

**Mr. Steve Clark:** Page 12 of the auditor's report notes that in two cases, higher-priced consultants were given preferential treatment in the procurement process. In one case on page 12, for the third stage of the contract, the consultant originally submitted a bid which was the

highest of 12 bidders. I understand—it's in the Auditor General's report—it was \$819,000. Can you explain, Minister, why your ministry broke the rules that you and Dalton McGuinty promised wouldn't happen again?

**Hon. Deborah Matthews:** What I can tell you is this: We were the ones who gave the auditor the power. We're the ones who asked the Auditor General to look and to report back and to give us his advice. You will find, as you read the Auditor General's report, that he notes that these are practices that have gone on for a long time. He identifies particular contracts that go back long before we took office. The point is that there have been practices in place under governments of all stripes. But I can tell you that it is under this government that those practices will end. Under our legislation that so far you're not supporting, we will put an end to practices that the Auditor General did report on.

It's really important to note that the Auditor General's report stems from a request of a committee in which a majority of members were members of the governing party.

**Mr. Steve Clark:** But, Minister, all that being said, you still have two cases where you, as an example, broke and gave those consultants contracts. How do you expect to be an example for LHINs, for hospitals and for other health care agencies when you did it yourself? Your ministry did it themselves.

**Hon. Deborah Matthews:** I'm not going to make any excuses for the auditor's findings—

**Mr. Steve Clark:** It's \$819,000, the highest of 12 bids.

**Hon. Deborah Matthews:** I am not going to make any excuses for what has gone on. We completely accept the findings of the Auditor General's report, and we're acting on that.

What I can tell you is that we have put in place processes that—I'm not going to say that will ensure that this will never happen again, because I'm just afraid to say something like that in any organization, but what I can tell you is that we've put in place processes that will prevent this from happening. I am going to ask the deputy to speak further on that issue.

**Mr. Saâd Rafi:** To the greatest extent possible, we have tried to put in place double-checking of contract release, so an RFP must be verified by our chief administrative officers. We've established a branch where that has to be checked against the directives. In addition, once the results are in, and before the contract is registered, it is also verified by the chief administrative officers. So we have a check-and-balance system in place.

I think that what the minister is saying is that we have tried, to the greatest extent possible, to eliminate the ability for any one person to engage in this kind of activity that was identified by the auditor on page 12 and which you referenced.

**Mr. Steve Clark:** So, Minister, going back to you: Double-checking contract release would stop a third stage of a contract from being given to the highest bidder. That's what you're saying.

**Hon. Deborah Matthews:** Yes.

**Mr. Saâd Rafi:** To the greatest extent possible, yes.

**Mr. Steve Clark:** So in regard to the two consultants that were given preferential treatment under the procurement process, are you prepared to let us know which consulting groups were involved?

**Hon. Deborah Matthews:** I don't have that information with me, but I'll get you what I can.

**Mr. Steve Clark:** So that's a yes.

**Hon. Deborah Matthews:** I don't have the information with me. I'll get you what I can.

**Mr. Steve Clark:** Is "what I can" the names of the groups?

**Hon. Deborah Matthews:** We do have to get—

**Mr. Steve Clark:** Well, it's either yes or no—

**Hon. Deborah Matthews:** No, it's not actually always yes or no. We do have to get third party—these are third party agreements—

*Interjections.*

**Hon. Deborah Matthews:** So we have some work to do before we can do that. I'll get back to you on that.

**The Chair (Mr. Garfield Dunlop):** We don't need three involved in this.

**Mr. Gilles Bisson:** She said "third party."

**Hon. Deborah Matthews:** Third party. Okay.

**Mr. Steve Clark:** You classified Mr. Bisson as a third party over here.

I just want to go one step back to my first line of questions, and it's regarding the Courtyard Group. I know that there was a number of statements by the minister that she wasn't aware, that she didn't have any idea. I know that there will be another process here, November 16. I just wondered if you can provide those documentations about eHealth and some of the other groups I mentioned for November 16. I know there were some freedoms of information as well, but I would love to have those documents and those answers here by the November 16 meeting.

**Hon. Deborah Matthews:** I have been given information that there are currently zero contracts with Courtyard at eHealth Ontario. I will undertake to get you the information I can on your other questions. I believe we're meeting—we've got two more meetings after this one. We'll do our best to get you the answers to your questions.

**Mr. Steve Clark:** So just to make it clear: Cancer Care Ontario, the LHINs and Ontario hospitals.

**Hon. Deborah Matthews:** I cannot speak for Ontario hospitals. I simply do not have that information. Those are hospital contracts. I cannot get you that information for hospitals. I'll look into the others.

**The Chair (Mr. Garfield Dunlop):** You have two minutes remaining, Mr. Clark.

**Mr. Steve Clark:** Okay. Do you have some more?

**Mrs. Christine Elliott:** Yes. I have two quick questions, just to round out the time. One is just with respect to the advisory committee that is advising you on mental health and addictions. Do you anticipate that their report will be released in the near future? Can you give us some sense of the timelines, Minister, for that?



**Hon. Deborah Matthews:** What I can tell you is that they are getting very close to the end of their work, and it will be released publicly. I cannot give you a timeline on that.

**Mrs. Christine Elliott:** We hope, soon.

The other one is just the plan for the special diet allowance. That, as you know, was removed from the 2010 budget and was moved into health. There are a lot of people who are waiting to find out what's going to be happening with this. I was meeting with the Kidney Foundation people today. They are quite concerned about it because there are many people who are on dialysis or with chronic kidney disease who find it very difficult to eat what's available to them on low incomes, specifically canned foods that contain a lot of sodium and so on.

There are a lot of people who are really anxiously awaiting this. Can you give us some idea about when an announcement is going to be made with respect to that?

**Hon. Deborah Matthews:** What I can tell you is that this is actually in the budget of the Ministry of Community and Social Services. It is not part of the Ministry of Health estimates process.

What I can tell you is, as you well know, I chaired the cabinet committee on poverty reduction. I'm very proud of the work that we have been able to do when it comes

to poverty reduction, especially in light of the economic challenges that we are now faced with.

We knew when we came forward with our first five-year poverty reduction plan that it was only the beginning of what was going to be a multi-year approach. We did choose the first five years to focus on poverty amongst children. I think it was the right thing to do, but we acknowledge—and, in fact, we have passed legislation so that there will be a renewal of our poverty reduction strategy every five years.

I really hope that as we move forward on poverty reduction initiatives—and the special diet is, of course, related to poverty—we will have the support of all parties as we move forward on really addressing the challenges that are faced by the most vulnerable amongst us.

**The Chair (Mr. Garfield Dunlop):** Thank you very much, Minister. That concludes the rotation of the official opposition. With that, we will adjourn the meeting. We'll start fresh tomorrow afternoon after routine proceedings with the third party. That's Wednesday, November 3.

With that, we'll call an adjournment. Thank you again, Minister and the staff of the Ministry of Health and Long-Term Care. The meeting's adjourned.

*The committee adjourned at 1753.*











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## Legislative Assembly of Ontario

Second Session, 39<sup>th</sup> Parliament

# Official Report of Debates (Hansard)

Wednesday 3 November 2010

## Standing Committee on Estimates

Ministry of Health  
and Long-Term Care

Chair: Garfield Dunlop  
Clerk: Douglas Arnott

## Assemblée législative de l'Ontario

Deuxième session, 39<sup>e</sup> législature

# Journal des débats (Hansard)

Mercredi 3 novembre 2010

## Comité permanent des budgets des dépenses

Ministère de la Santé et des Soins  
de longue durée

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## LEGISLATIVE ASSEMBLY OF ONTARIO

## ASSEMBLÉE LÉGISLATIVE DE L'ONTARIO

STANDING COMMITTEE ON  
ESTIMATESCOMITÉ PERMANENT DES  
BUDGETS DES DÉPENSES

Wednesday 3 November 2010

Mercredi 3 novembre 2010

*The committee met at 1621 in room 151.*MINISTRY OF HEALTH AND LONG-TERM  
CARE

**The Chair (Mr. Garfield Dunlop):** We'll call the meeting to order, ladies and gentlemen. We are now resuming consideration of the estimates of the Ministry of Health and Long-Term Care, vote 1401. There's a total of five hours and 34 minutes remaining.

When the committee adjourned yesterday, the official opposition had finished their 20-minute turn. We will now start the next round of questioning with the third party for 20 minutes, followed in turn by the government for their round.

Before that, though, the minister had a comment she'd like to make on an answer from yesterday, right, Minister?

**Hon. Deborah Matthews:** Yes, thank you very much, Chair. Yesterday, Mr. Clark was asking a series of questions regarding consultants. What I'd like to do is, I want to go back and double-check and make sure that all the answers I gave you yesterday were correct. So I beg your indulgence: We'll get back to you the next time we meet and just confirm that the answers I gave you—we gave them pretty quickly, and I just want to make sure they're right.

**The Chair (Mr. Garfield Dunlop):** Okay. That's it?

**Hon. Deborah Matthews:** That's it.

**The Chair (Mr. Garfield Dunlop):** With that, the third party, you have 20 minutes. Ms. Gélinas.

**M<sup>me</sup> France Gélinas:** Before I start with my question, I wanted to express my concern over the response to the questions from the last time the health and long-term care ministry came before estimates. The last time was on October 27, 2009, October 28, 2009 and November 3, 2009.

To be fair, the minister had only been minister for a few days, and then a few weeks, when she came, so a lot of the questions were not answered right away. We understood this and respected this. This is a huge portfolio; we had a brand new minister.

We were told that this information was going to be provided to us, which it was. The problem is that it was provided a year later—actually, four hours before the new set of estimates started.

The Chair of this committee had written to the minister on December 9, 2009, expressing concern, because the 30 days allocated to answer back to this committee had passed, and the committee was still awaiting a response from the ministry to the outstanding questions that were asked.

I'd like to read the letter that was sent on our behalf by our committee Chair, Mr. Dunlop, and it reads as follows:

"On behalf of the Standing Committee on Estimates, I am writing to follow up on the outstanding questions asked by the committee during its consideration of the estimates of the Ministry of Health and Long-Term Care on Tuesday, October 27, Wednesday, October 28, and Tuesday, November 3, 2009.

"More than 30 days have passed since the Ministry of Health and Long-Term Care appeared before the committee and undertook to provide answers to outstanding questions. As of this day"—and it's dated December 9—"the committee is still awaiting responses to questions filed and trusts they are forthcoming.

"The estimates process works well when there is co-operation between the members of the committee and the minister before the committee. Members of the committee take care to keep their questions relevant in the context of the main question: Shall the vote giving authority to spend certain sums of money for specific purposes carry?"—which is what we're there to do. "The ministry, for its part, demonstrates openness in providing information requested by the committee in a timely way.

"In the spirit of co-operation that underpins the estimates process, and on behalf of the committee, I request that the minister table the answers to the outstanding questions as soon as possible.

"Sincerely,"—and it's signed—

"Garfield Dunlop, MPP

"Chair, Standing Committee on Estimates"

I was copied on this, as was everybody else who sits on this committee.

This letter touches on something that is so important for this democratic process to work, and that is openness and accountability. To me, estimates is an important time to show openness and accountability by sharing information, by answering questions, by making sure that this book that we have here—because the Ministry of Health is huge—is something that we can vote for. But, unfortunately, the responses came a year later.



Through the Chair, I was wondering if it would be acceptable to ask the minister: Why did it take so long?

**The Chair (Mr. Garfield Dunlop):** I have no problem with that question. Minister or deputy, you might want to answer that, if you could.

**Hon. Deborah Matthews:** Sure; I'd be more than happy to. I want to start by saying that a year is too long, and I'm not going to quarrel with that.

But I do want to say that last year, there were over 80 questions that were asked that were probably more typically dealt with through freedom of information, and there were many times during the course of estimates that actually, there were just questions read into the record, so there wasn't even time given to attempt a response. It really was pretty clearly an attempt to get around freedom of information.

What we've done is we've compiled answers—the response document. It's double-paged and very thick. As I say, it contains a lot of information that otherwise would have been acquired through freedom of information.

It's impossible to really estimate how much money the parties have saved in freedom of information but definitely tens and tens of thousands of dollars of information. We've got the responses. They could have been more timely, I agree, but in fairness, I wasn't given time during estimates to answer most of the questions that were asked.

**M<sup>me</sup> France Gélinas:** My follow-up to this is, if we do ask you a question and you tell us that you will get back to us because you don't have the information here—not questions that are tabled. If I ask you a question you can't fully answer and you tell me that you will get back to us, then can we have the assurance that this answer will be forthcoming within 30 days, as is standard for this committee?

**Hon. Deborah Matthews:** What I could do is tell you that we'll do our best to get answers in as timely a way as possible. We did choose to answer them all at once rather than coming out in bits and pieces. Perhaps you'd prefer to get them back in a different format. We'll get them to you as quickly as we can.

You can imagine that our ministry folks work very, very hard to get the answers to the questions. They'll want them to be right, and sometimes going through freedom of information is a more appropriate way to do it.

**M<sup>me</sup> France Gélinas:** I get from this that I would like answers back as soon as possible, and if, as I say, through the course of our discussion, you feel that you want to follow up, I would appreciate that the answers come as soon as you have them.

**Hon. Deborah Matthews:** Okay, that's perfectly reasonable.

**M<sup>me</sup> France Gélinas:** That would be my preference.

**Hon. Deborah Matthews:** Okay. Let me just ask.

I think that's a very good point. If, in fact, we repeat what happened last year, where members read a series of questions into the record, it will take us longer.

**M<sup>me</sup> France Gélinas:** I understand.

**The Chair (Mr. Garfield Dunlop):** All right.

**M<sup>me</sup> France Gélinas:** So can I start with primary care? Some of the questions that I asked last year were partly answered and partly not. I find it a little bit weird, because I attended a—I thought it was an opening but it wasn't—celebration where our Premier participated in a family health team where he shared a lot of information about how many there were, the number of physicians who were participating and the number of people who were receiving care, but yet, when I asked those same questions in estimates, I didn't get the answers or I had to submit an FOI.

I will try it again. The first one is: How many family health teams are currently operating across our province? I would like to have staffing numbers broken down by the number of physicians—not necessarily paid by the FHT—who are associated with the family health team, either through a blended-salary model, either through a—the name escapes me right now. Anyway, how many physicians are associated with the FHT model? How many are operating? I want to know the number of positions of all of the allied health professionals that are funded through the FHT model, and that would be nurse practitioners, nurses, physiotherapists etc. Is that something you have here?

**Hon. Deborah Matthews:** I think we have around 152 operating now. We've got another seven or eight that are going to be opening very soon. I actually opened one this morning up in Omamee. Then we have another 30, bringing the total to 200 that will be open, we anticipate, within the next year; probably less than a year from now we'll have 200 up and running.

1630

Of course, many of those family health teams have many sites, so that's the number of teams, not the number of sites.

In terms of physicians—do you happen to have a total there? I'll answer, and then the deputy can maybe give more detailed information.

When we have the full 200 up and running, we will have three million patients attached to family health teams. Those are people who would be served in those family health teams and would have access not just to the physician services there but to all of the allied health professionals working on the family health teams—nurse practitioners, nurses, social workers, dietitians, pharmacists, physiotherapists, occupational therapists—a number of different allied health professionals.

Each model is different. They don't all look the same, but what is the same about them is that they have a significant complement of allied health professionals. It usually works out to about one allied health professional for each physician, but it's the combination, the array of supports that is so extremely appreciated by the patients and by the physicians. It's a model that's working very, very well.

As I say, I was at the opening of one in Omamee today. I met a new doctor, a new graduate from McMaster's school of medicine. He wasn't from the area but was drawn to the area because it was an opportunity

to work on a family health team. It's a model that's working.

We'll just see if we have the information that you requested.

**Mr. Saâd Rafi:** We will try to verify these and can get you this as a breakdown in writing, as well. Amongst the 151 of the 200 announced—in other words, 151 are operational—there are approximately 1,967 doctors.

**Hon. Deborah Matthews:** Sorry; how many?

**Mr. Saâd Rafi:** There are 1,967 physicians. There are 1,539 allied interdisciplinary health professionals who have been approved, and about 90% of those are hired. There's a small delta who are still in the hiring process, and that varies across the health professionals, as the minister has said, but they're all in the 80-percentile-plus level of hired.

I think that's what you were asking, Ms. Gélinas.

**M<sup>me</sup> France Gélinas:** No. I would like to know, of those 1,500 allied, how many are nurse practitioners, registered nurses, registered practical nurses, dietitians, mental health workers, social workers, pharmacists, educators and others.

**Mr. Saâd Rafi:** Sure. Approved, and then I'll give you hired in each category; is that okay?

**M<sup>me</sup> France Gélinas:** Sounds good.

**Mr. Saâd Rafi:** NPs, or nurse practitioners, 361 approved, 307 hired; registered nurses, 508 approved, 469 hired; registered practical nurses, 64, and 57 hired; dietitians, 137, 123 hired; mental health workers and social workers combined—we don't separate the two—291 approved, 269 hired; pharmacists, 77 approved, 65 hired; educators, 28 approved, 23 hired; and the always-popular other health professionals, 73 approved and 54 hired.

That hopefully should add to 1,539 approved and 1,367 hired.

This is a constant and ongoing process, so I unfortunately don't know as of what date these numbers are at, but let's say within 30 to 60 days' accuracy.

**M<sup>me</sup> France Gélinas:** Okay.

**Mr. Saâd Rafi:** Sorry; I should say that probably the last figures we have would be from end of summer, so pre-September, almost 90 days. The constant hiring process is taking place and more progress is being made.

**M<sup>me</sup> France Gélinas:** Very good. Of the 151 that are operational, how many are community family health teams?

**Mr. Saâd Rafi:** I'll have to get you that answer. I don't think we have that breakdown here.

**M<sup>me</sup> France Gélinas:** Okay.

**Hon. Deborah Matthews:** Can I just clarify the question? Community family health teams as opposed to—

**M<sup>me</sup> France Gélinas:** They're called community-sponsored family health teams when the governance model is—

**Hon. Deborah Matthews:** A community board as opposed to a group of physicians?

**M<sup>me</sup> France Gélinas:** That's correct.

**Hon. Deborah Matthews:** So it's the governance?

**M<sup>me</sup> France Gélinas:** That's correct. I'm interested in knowing how many of the community family health teams are operational—so that's 151 or 152 operational—and the difference to make it to 200. I'm also interested in knowing if there are community family health teams in the 50 that are left.

Recently, we talked about a million people who now have access to primary care that didn't have access before. I'm just curious: Where does this number come from?

**Hon. Deborah Matthews:** Let me start, and then we'll hand it over if need be. We do a rolling survey, and we ask people in that survey about their health care needs. One of the questions is, "Do you have access to primary health care?" That is where we get that number. The Ontario Medical Association, for example, has a different number, which actually is a higher number. They calculate the number somewhat differently.

Perhaps I'll hand it over to the deputy, and he can get you more detail on this. I think it's an important question.

**Mr. Saâd Rafi:** Yes, and we're also trying to get a hold of the assistant deputy minister who's responsible for this area.

We derive this data from something called the primary care access survey. This is a quarterly survey. The data on the one million attached patients is a function of quarterly surveys from July 2009 to June 2010. It's essentially similar to Stats Canada surveys. What it does is it looks at both the adult population—adult in this case defined as 16 and older—and then the child population, aged newborn to 15. This data is derived from the survey conducted for us by the primary care access survey. It is as current as June of this calendar year. It also then breaks down the number of patients by sex and age group who have reported having a family physician.

At that point, I think we'd maybe ask Joshua to come to the table and put him on the spot. This is Dr. Joshua Tepper, who is responsible for our primary care access area. The question that's being asked by Ms. Gélinas is how we derive one million attached patients. I gave a very poor rendition of the primary care access survey.

**Hon. Deborah Matthews:** Maybe before Josh gives the scientific answer, I think that all the MPPs sitting around the table actually know themselves what's changed in their community. When I think back to when I took office in 2003 and leading up to that, the number one call I got in my constituency office was about access to primary care, people absolutely desperate to get a family doctor. I don't get those calls anymore—I get them very rarely, and if I do, I can easily connect them with Health Care Connect. It just is not a problem in many parts of the province now. We know it's not a problem that has been solved everywhere, but we know that we are significantly further ahead just judging by the phone calls to our constituency offices.

I'll pass it off to Josh.

**Dr. Joshua Tepper:** Thank you, Minister and Deputy. Again, I'd be interested, as well, to hear your outstanding concerns or areas of interest about the survey. It is a



phone-based survey, and it has been developed in conjunction with research expertise in the academic world. We've been using this with reliability now for over five years. While there are limitations to a phone-based survey—I know they're fairly well documented in the literature—within a context such as Ontario, those limitations are very minimal, so in that sense I think it's a very defensible survey and it has shown consistency over time.

**1640**

I think I might also—and I ask the deputy for permission—point toward another way that we measure unattached patients, and that's through the Health Care Connect program. Actually, we just had a chance to present the Health Care Connect program two days ago in Montreal as an example of excellence in primary care in Canada. We had people from all across Canada come to learn about Health Care Connect on Monday at a Canadian Health Services-funded conference on primary care innovation.

The exciting part about Health Care Connect is that it's a way of not just doing phone surveys and finding out who doesn't have a doctor or primary care provider or nurse practitioner, but actually to actively manage that individual and connect them to a primary care provider, and to do it based on priority of need.

One of the important things, and it picks up on the minister's comment, is that the program has been very successful and we've had about 80,000 people participate. The fact that it is only 80,000 is a remarkable testament—and it's roughly 18 months—to the fact that the need is far less than it would have been if we had launched the program, say, five years or four years ago.

The good news is that of those who have chosen to use it, we have matched well over 50% of them, and if you take a look at the sickest individuals on that list, we have matched the vast majority of those individuals through Health Care Connect to a primary care provider.

**M<sup>me</sup> France Gélinas:** A couple of comments before I dig a little bit more. The first one is: Can you table those survey reports? Can you share them with us?

**Dr. Joshua Tepper:** The primary care access survey?

**M<sup>me</sup> France Gélinas:** Correct.

**Dr. Joshua Tepper:** There's no individual, specific data, so I suspect we could certainly provide data.

**M<sup>me</sup> France Gélinas:** Okay. I would appreciate it if you could share it with the committee.

**Dr. Joshua Tepper:** I'd be willing to do that. I think, although we do it quarterly, it's most robust when we look at it on an annual basis, so we should probably provide that to you.

**M<sup>me</sup> France Gélinas:** I would appreciate that.

Two parts that are troubling: I'm really happy that the phone calls have gone down in London. Can I forward the phone calls from Nickel Belt to London now? Because they have not gone down in Nickel Belt and they are still just as desperate as they were when I started.

The other thing that is troubling with Health Care Connect is that people who move from other areas are

reluctant to leave their family physicians behind, because you come to Nickel Belt and you have zero chance of getting a new family physician. If you're lucky, you'll get into one of the new nurse practitioner sites; otherwise, nobody's taking patients. Why is it that Health Care Connect won't help you? You have to resign from your family physician where you were before, before they will help you. I tell people coming to Nickel Belt not to do this, because Health Care Connect won't be able to find you a physician.

**Hon. Deborah Matthews:** Let me just say that we acknowledge that there are parts of the province where there is still a serious lack of primary health care providers, and the northeast, of course, is one of those areas, as is the northwest of Ontario. We have totally revamped the underserviced area program now, so there are significant financial incentives for physicians to locate in the north, through the NRRR program.

It used to be the case that there were so many areas that were designated underserviced that new physicians could choose to locate in a place like Burlington and receive almost as much as if they located in Lively. Now there's a difference of about \$130,000 over four years between locating in a place in northern Ontario and a community in southern Ontario. We're really taking that incentive seriously and it is making a difference.

We opened up a medical school in the north, right? The northern school of medicine is producing doctors, many of whom, of course, are from the north and want to practice in the north. Because we now have the data from places like Health Care Connect, we can make strategic investments like nurse practitioner clinics, like family health teams, in areas where we know there is a problem. We've got much, much better data now than we've ever had before about what areas need that kind of primary care, and we can make those strategic investments.

We haven't got the problem solved; we know that, but what I can tell you is, we've got a handle on it. There are parts of this province—Windsor, the Cobourg area—where doctors are actually advertising for patients instead of the other way around. We would not have seen that seven years ago; we absolutely would not have. So I look forward to the day when doctors are looking for patients in Nickel Belt.

**M<sup>me</sup> France Gélinas:** So do I.

You didn't answer my question about why you have to let go of your primary care provider to qualify for Health Care Connect.

**Hon. Deborah Matthews:** That was the way the system was set up initially, to attach unattached patients, because that's where the greatest need was. We wanted to get people attached. I think, as we further refine the program, it's something that we should have an open mind to.

**The Chair (Mr. Garfield Dunlop):** Thank you very much to the third party. We'll now go to the government members for 20 minutes. Ms. Sandals, do you have a question?

**Mrs. Liz Sandals:** Yes. Actually, before I go on with my question, I was just going to comment on the last discussion, because I too would have a riding where, when we first came in, in 2003, my constituency office phone just rang off the wall with people who were desperate to find a doctor and who weren't able to. Absolutely, Guelph qualified as an underserved area under the old way of designated underserved area. What has gradually happened, as we've gone from 2003 to now, is those calls are now very rare, and Guelph, in fact, is one of those areas where new physicians coming into the family health team often are advertising for new patients.

I also wanted to comment on what Dr. Tepper was saying about the methodology of doing the phone survey, because the other thing we began to realize was that—actually, before I came in, there had been a physician recruitment group put together in Guelph, which continued to work through 2003, 2004, 2005. The physician recruitment group actually started a wait-list of people who were looking for physicians, but what became very clear after a while was that the wait-list didn't have much attachment to reality because some of the people on the wait-list actually still had a doctor in Burlington or Oakville, for the sake of argument. They were looking for one in Guelph but they actually had a doctor somewhere else. It was actually like there was gridlock.

Some of the people had found doctors in Guelph, but there was no mechanism to remove yourself from the wait-list, and when new doctors came to town, they often didn't refer to the wait-list; they used their own way of finding patients. What gradually became clear was that the wait-list mechanism wasn't really working. I think what Dr. Tepper and his group are doing, which is doing a phone survey, probably gives the Ministry of Health much more accurate information about who is actually still out there looking for a doctor and where that is happening than if you had referred to this informal wait-list that the community had structured but which had no capacity to really manage it in a sophisticated way. So just that sort of comment on what was happening.

Minister, I actually wanted to talk about eHealth because I think when you appeared here last year, you probably got a lot of questions about eHealth. I wasn't actually on the estimates committee; I'm just visiting today. What I did spend a lot of time—at the same time was the public accounts committee, where eHealth was obviously also a topic of high interest. Certainly, we heard a lot at public accounts because we were dealing with the auditor's report around things that were unacceptable.

1650

We also got, though, a flavour of what the interim management was doing in terms of putting new processes in place, making sure that consulting contracts for the things that seemed quite weird, like answering telephones, were phased out or cancelled. We heard a lot about the good work that they were doing in recruiting internal management to do good things, the recruiting

that was going on to replace some of the positions and some of the board members.

But that was, again, in the framework of public accounts a year ago. So it would be really interesting to get an update—we've heard the bad things; good things are happening—on where we are really at now in terms of what's happening with eHealth, what accountability structures have been put in place, what transparency structures have been put in place and just where we really are in that intervening year.

**Hon. Deborah Matthews:** Thank you very much for the question. I just want to start by saying how vitally important it is that we continue to get electronic health records for the people of Ontario. I don't think it's a stretch to say that the future of our health care system depends on us making measurable gains when it comes to electronic health records for people, so I very much appreciate the question.

You know we have new management. We have a new CEO and a new chair. Ray Hession was brought in as the chair of eHealth Ontario. Greg Reed is the new CEO of eHealth. I think he has been on the job about five months now and is making a remarkable difference in the organization. The use of consultants has declined from almost 400 to just over 100, so we have a quarter of the consultants that we did have.

We learned from what the Auditor General discovered when he looked at eHealth Ontario. We have very tough procurement rules when it comes to consultants. Those are changes that were necessary. We've got quarterly procurement reports on the use of consultants. All the expenses are reviewed by the Integrity Commissioner and are posted online.

We're really starting to see that eHealth has made significant progress over the past year. If you don't mind, I might talk about some of those achievements now.

**Mrs. Liz Sandals:** Absolutely.

**Hon. Deborah Matthews:** I was able to announce yesterday that we have hit a very important milestone: five million Ontarians now have their health care managed using electronic medical records in their family physicians' offices, five million out of a population of 13 million. That's an increase of 80% in the last year alone, and we're not slowing down; in fact, we're speeding up.

What we're finding is that doctors are very enthusiastic about coming on board, because they're really starting to see the improvement in the health care they can provide. They can immediately see if there are drug interactions that might cause problems for their patients. They can immediately access reports that have been sent in on their patients. It's just a much more efficient way of dealing with the extraordinary magnitude of information that they receive. The physicians like it, and the patients like it. They have confidence in the system. We're moving forward on more and more doctors getting hooked up with electronic medical records in their practices.

The Ontario Medical Association has been a very strong partner with us, and they actually work to get the doctors trained and converted to the paperless office. I



was actually in a community health centre today where they just do not have paper records; they have completely converted to electronic records, so that's terrific. We're making big strides on that.

You'll remember that one of the criticisms that the Auditor General had of eHealth was that we had built this great highway, but there weren't very many cars on it. He was referring to the infrastructure that had been built. We've now got five million cars, the electronic medical records, on that highway. We're also using up a lot of that highway with some of the big trucks, and those would be things like telemedicine. We actually have almost doubled the number of telemedicine consultations that have gone on. Just in the past year, we've doubled the use of telemedicine.

I see it first hand. I was at a community health centre today in Port Hope. They now are hooked up to the Ontario Telemedicine Network, where patients can come in and, right in their own community, have a consult with a physician in another community. It saves them having to go into a larger community and they get access to that expert care right there in their community.

The other place where telemedicine is just doing extraordinarily fine work is in the more remote communities in the north. Again, I saw the James Bay coast, where those small communities were just getting hooked up to the Ontario Telemedicine Network. In that case, it meant that they might not even have to be transported to another community for that consultation; they could get what they needed. It's one thing not to have to drive from Port Hope to Toronto; it's another thing not to have to fly in from Fort Albany to Timmins. We've had great, great progress on the telemedicine front.

What I think is a very exciting initiative is ePrescribing. We're running a pilot now where the doctors are actually prescribing electronically. We've got to make sure we get it right, but it will reduce errors, there is no question about it; it will reduce fraud. I think ePrescribing has huge potential.

Another area where eHealth has made extraordinary progress is on the issue of diagnostic imaging. All our hospitals now are filmless. The old X-ray films have gone the way of the typewriter. It's all digital, and there is significant ability now to actually, in real time, have a radiologist specialist reading that image in, say, a large academic health science centre, and the patient can stay right where they are. In southwestern Ontario, the Erie St. Clair LHIN and the South West LHIN—every single hospital in those two LHINs is now connected so that they can have those diagnostic images read within that network. It improves efficiency, because all the diagnostic images are in one place. The radiologist can click to see the history, he can see different tests that have been done, and it's very high-quality resolution. I'm talking X-rays, MRIs, CTs, mammograms—all of that diagnostic imaging. Again, we've made huge progress on that front when it comes to eHealth.

In the Champlain region, the seven hospitals again are hooked up to that kind of network. What it means for

patients is they can fall, need an X-ray, go to the Deep River hospital, have a specialist in Ottawa read that image and determine whether or not that patient needs to be transported, and they can do it, as I say, in real time. So that's a very big advantage for patients who live outside of where the big academic health sciences are.

**1700**

Similarly, the emergency neurosurgery image transfer system has neurosurgeons on call. That one tool has prevented 264 patient transfers so far, at a cost of \$26 million. So it's very cost-effective and is actually saving patients from having to go out of country to get the care they need.

Another aspect of eHealth that is proving to be a marvellous tool is the drug profile viewer. What that means is, all the emergency departments have access to the prescriptions of all people who get their drugs through the Ontario drug benefit program. That means everyone over age 65, people on ODSP and people on social assistance. So when that patient goes in to an emergency department, they can instantly pick up the drug history of that person, they can see what drugs they're on, and they can make a much more informed choice. That's 24 hours a day, seven days a week, and really helps with the problems associated with errors around drug interactions. We know that's a very serious problem. The drugs can be such an important part of a person's care, but if the drug interactions are not properly managed, it can be a big, big problem.

Then we've got 1.7 million children in the eCHN system covering 100 hospital sites.

So we're really excited about the progress we're making, and we look forward to adding even more capability to eHealth.

Deputy, did you want to add anything on that front? Okay, thank you.

**Mrs. Liz Sandals:** How are we doing for time, Chair?

**The Chair (Mr. Garfield Dunlop):** You've got just over three minutes.

**Mrs. Liz Sandals:** Okay. Just let me follow up on that a little bit. Certainly the X-rays and being able to read the digital imaging is something that I know we have the capacity to do in my LHIN as well. I notice Mr. Arnott is here, and if you get an X-ray or a CT scan at his hospital up in Fergus, it may well be the folks in Guelph who are reading it so that they don't have to have the diagnostician physically there. The diagnostics are being done in Guelph. So there is that e-highway capacity.

One of the other things I notice going into the biggest of the family health teams in Guelph is that they also seem to be picking up lab tests from some of the local medical labs and seem to have the lab results showing up very quickly because they're using e-records. Do you have any information about the access to the lab tests so you don't have multiple doctors ordering the same test over and over again?

**The Chair (Mr. Garfield Dunlop):** A couple of minutes, Minister.

**Hon. Deborah Matthews:** You're absolutely right. That's one of the features that makes it so appealing for physicians; they can get the lab reports transmitted electronically to them. They get notified when a new report comes in and they can easily bring that into their system. It's one other way.

I had a physician showing me how she uses eHealth. She can actually get reports generated through her system, so she can see how she's doing as a physician compared to other physicians when it comes to ordering tests. We know that, for example, there are certain tests that diabetics need on a regular basis. That's one of the ways we measure excellence of care when it comes to diabetes: what percentage of your patients are getting these three tests at the intervals they need. Physicians can actually generate that information about themselves and compare it to other physicians. She said, "That's the greatest incentive there is, if I can see, at the click of a mouse, how I'm doing and where I need to actually focus more attention." So, it really is improving the quality of care for people, because they have access to information that would be there in the paper records but very, very difficult to compile.

**The Chair (Mr. Garfield Dunlop):** Thank you very much to the government members. We'll now go to the official opposition. Who has the first question? Mr. Chudleigh.

**Mr. Ted Chudleigh:** Thank you, Mr. Chair.

Welcome, Minister. I think you probably know why I'm here: Milton District Hospital expansion. I'm going to slip through some of this pretty quickly, because I've made you aware of these issues in the past.

As you know, Milton is the fastest-growing community in Canada. The rate of growth is outpacing all previous estimates and projections. During the past six years, 60,000 new people have moved to Milton. Another 43,000 will be arriving in the next five years. Over the next two decades, Milton will become the largest community in Halton region, outpacing Burlington and Oakville. This significant urban community is still served by an 86-bed hospital facility designed and built to serve 30,000 people. Milton District Hospital has not received approval for any added service capacity in the past 25 years.

No other hospital in the region, including the new Oakville hospital—I emphasize that—is planning to provide core hospital services to Milton residents and its growing population, as it has been an assumption that the Milton hospital will grow along with its community.

Halton Healthcare Services, which runs the Milton hospital, has clearly and consistently presented a well-thought-out, responsible and credible plan for moving ahead to redevelop and expand Milton District Hospital:

"We"—being Halton Healthcare Services—"have been and continue to be ready, willing and able to engage with the ministry and our LHIN on next steps—finalizing the project's scope, completing the functional program and confirming the requirements for interim coping strategies.

"Our LHIN has communicated its strong support and its own preparedness to engage in this work immediately."

The town of Milton has experienced exponential, unprecedented population growth. Milton District Hospital has inadequate, undersized, outdated physical facilities and aging infrastructure and has a critical and urgent need to expand its facilities. No other hospital has been or is currently planning to provide any services to the population of Milton—I can't stress that point enough.

Halton Health Care Services has developed a responsive plan to address expansion of Milton District Hospital and has shared it with the Ministry of Health and Long-Term Care. It has highlighted the urgency of the early-start components: "It is paramount that our project advances now to begin the next phase of planning. If not, the future needs of the community will be further compromised," and that compromise is putting patient health in danger.

Lucy Brun, a partner with Agnew Peckham health care planning consultants noted to the local health integrated network in the fall of 2009 that over the course of more than 25 years of hospital planning, she has never before been involved in addressing a situation like the one that exists in Milton—that's over 25 years of her looking at hospitals. She notes "an urgent and compelling clash of extremely rapid growth being inadequately addressed in a completely exhausted, undersized facility that is totally incapable of meeting contemporary standards and has been waiting for 10 years for expansion."

Mississauga Halton LHIN Chair John Magill, in his December 3, 2009, letter to you, says: "It is critical that the redevelopment of the Milton hospital be considered a high priority of the ministry capital planning process. The current facilities are exhausted, outdated and undersized and cannot accommodate current patient volumes or future hospital service needs.... The current Milton hospital is incapable of supporting modern-day services.... It is imperative that this capital request move to the next phase of capital planning." I underline the words he used, and these are not weasel words: "critical," "high priority," "exhausted," "outdated," "undersized," "incapable," "imperative." Those are strong words for the chairman of a local health integration network to use.

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"While the Ontario government has provided Halton Healthcare Services with a planning grant," which was submitted in September 2008, "it has yet to authorize the hospital to move forward on the next stages of the capital approval process.

"Halton Healthcare Services needs (1) support for the proposed Milton District Hospital master plan for 2016; (2) approval to proceed immediately with the functional programming of the redevelopment of Milton District Hospital; and (3) approval to proceed immediately with the planning for the early works project," the early works project being one that—because of the population growth, we won't be able to get to a completed hospital in time to service the needs of the community and the



early works project will be a system of coping strategies to get them through to that completed hospital program.

The functional program, which I believe is in the \$4-million to \$5-million area, could move forward immediately without any capital infusion in this fiscal year. The hospital is in a position, because of some frugal planning, to move forward with that study and get through to March 2011 before any funds from the ministry would be needed.

Minister, will you move forward with the Milton District Hospital process?

**The Chair (Mr. Garfield Dunlop):** Go ahead, minister.

**Hon. Deborah Matthews:** Thank you very much.

I guess I want to acknowledge that Milton is a very rapidly growing community; there is no question about that. But there's also no question—

**Mr. Ted Chudleigh:** The fastest in Canada.

**Hon. Deborah Matthews:** The fastest in Canada.

Here's what I think we really need to understand: We came to office in 2003. There was a massive infrastructure deficit. There was not just a massive fiscal deficit, there was a massive infrastructure deficit. Appropriate levels of capital investment had not been made for many, many years right across the province, so we embarked on ReNew Ontario. ReNew Ontario was a five-year plan. It has seen over 117 major hospital projects under way or complete over the past five years.

I think it's important that we all understand that we have made extraordinary, unprecedented historic investments in capital infrastructure in this province over the past seven years. That cost us money. There are some who are critical of us, but there is still unmet need for capital infrastructure spending, so we are now looking at what we need to do next and we are working very hard on developing a next-10-year infrastructure plan. Of course—

**Mr. Ted Chudleigh:** When will that be released?

**Hon. Deborah Matthews:** We're working on that now with the Minister of Infrastructure.

**Mr. Ted Chudleigh:** I would point out to you, Minister, that in 2003 Milton was embarking on its functional planning stage from a process that started in 2001. The land had been designated, the program was moving forward. If that program had been held to, the Milton hospital would have been open today. Your government stopped the development of that hospital and didn't restart it again until 2007, in Milton's case.

The words have been passed on by Lucy Brun and also the chair, John Magill, as to the urgency, and the danger that patients are being placed in because of the inadequate service that they can expect from Milton District Hospital is severe. It puts patient life in danger, Minister. I want you recognize that fact.

I know you're not going to give me a date as to when you are going to announce this. I hear what you're saying. With that, I would pass on to the next questioner.

**Hon. Deborah Matthews:** I would like to finish my answer, if you don't mind, because this is a very im-

portant question, and I think it's important to acknowledge where we are in that process. We have, as you said, approved a development grant in July. The work has been going on with the hospital, with the LHIN, with the ministry—

**Mr. Ted Chudleigh:** July 2007?

**Hon. Deborah Matthews:** July 2007, yes. The LHIN has endorsed the redevelopment of the Milton hospital site to support increased emergency room, ambulatory care and related in-patient obstetrical and medical surgical capacity, with the understanding that a robust review and assessment occur at the functional program stage of capital development by Halton Healthcare Services and the LHIN on current assumptions and estimates, taking into account population growth, population aging and the impact of other investments that are being made.

I think it's very important that people understand that the brand new, yet-to-be-built but committed Oakville-Trafalgar hospital is actually located in your riding. To suggest that your constituents will not benefit from the Oakville hospital is simply not accurate.

**Mr. Ted Chudleigh:** My constituents in Oakville will benefit, but not my constituents in Milton. I stressed in my question that there is no capacity being built in the hospitals surrounding us. Credit Valley is not far from us, and Burlington hospital is not far from us, but there's no capacity in those hospitals for Milton residents.

Each community in Halton, through the Mississauga Halton LHIN, is expected to develop their own capacity. That was a principle that was put down by your government, and it has been adhered to. The Oakville hospital is being developed based on Oakville needs.

Let me point out that Milton is the fastest-growing community in Canada, but the number of houses that are built in Oakville is just minusculely below the houses that are being built in Milton. All of this growth in Halton is due to Places to Grow, which was mushroomed because your government shut down the Oak Ridges Moraine, and the 80,000 houses that would have been built there. I don't disagree with that decision other than that there could have been some houses built. The whole thing isn't gravel; you could have built some houses in there. That has caused the exponential growth in the Halton area.

There's only two things that the provincial government has to live up to in that area, one being highway construction, which is sorely lacking. The second is health care, which you've dropped the ball on completely in Milton.

**Hon. Deborah Matthews:** Excuse me just a second.

**Mr. Ted Chudleigh:** Oakville is a different story.

**Hon. Deborah Matthews:** When you were in office, you had no plan. We have a very aggressive plan.

**Mr. Ted Chudleigh:** We had already started this hospital—

**The Chair (Mr. Garfield Dunlop):** One at a time.

**Hon. Deborah Matthews:** Yeah. You guys made lots of promises; you didn't fulfill them.

But what I do want to say is that this is an issue we're taking very seriously. The Oakville hospital will support your constituents, will provide specialized services—

**Mr. Ted Chudleigh:** That's not the mandate that your government gave us.

**Hon. Deborah Matthews:** If I could just say, what I'm taking from this, and I hope you'll confirm it, is that you will support us when we come forward with a budget that includes more infrastructure development. You can't say, "Only in my riding will I support infrastructure." You've got to support infrastructure across the province. You're getting a brand new hospital in your riding. That's something that we're going to have to pay for, and we're going to need your help to do that.

**Mr. Ted Chudleigh:** It's a P3; you're not going to pay for it.

**The Chair (Mr. Garfield Dunlop):** Okay. So—

**Hon. Deborah Matthews:** Excuse me, could I just clarify that?

**The Chair (Mr. Garfield Dunlop):** We'll get on with the next question. If you've got more questions, Mr. Bailey.

**Hon. Deborah Matthews:** Can I? I just have to.

**The Chair (Mr. Garfield Dunlop):** Okay, Minister, do a quick answer here.

**Hon. Deborah Matthews:** The comment from the member that, "It's a P3; we don't pay for it" just demonstrates a remarkable lack of understanding of hospital funding. We don't do P3s; we do alternate financing, and we do—trust me—pay for them.

**The Chair (Mr. Garfield Dunlop):** Okay. Thank you, Minister.

Now we'll go to Mr. Bailey.

**Mr. Robert Bailey:** Yes. I've got a couple of questions here, Minister. I'll be real quick; it won't take long.

We've got a brand new hospital in Sarnia, Bluewater Health. It was a long time coming, but we got it, and the people are very grateful for that. I was at the sod-turning in October 2007, and I was also at the opening just recently.

Anyway, here's my question, Minister. The former government announced, in 1998, that we were going to build a new hospital. In 2001, the government of Ontario, through the ministry at that time, promised that when the new hospital was built, they would pay to dismantle and take out the old ground surfaces and return it to green space once the new hospital was in place.

Today, the city and Bluewater Health have been unable to receive assurances from your ministry that that promise and that commitment would be fulfilled, so I'm asking you today: Will you commit to working with the mayor and council of the city of Sarnia and also the board of Bluewater Health so that when the old Sarnia General Hospital finally is no longer in use, now that the new hospital is opening—and will you commit to funding those renovations to return the site to greenfield?

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**Hon. Deborah Matthews:** I'm sure you wanted to say thanks for a new hospital.

**Mr. Robert Bailey:** Yes; I did say thank you, yes.

**Hon. Deborah Matthews:** Because yours is one of the 18 brand new hospitals that we've got across this province, and it's because we were prepared to make investments that we have that.

There is a process for decommissioning the old buildings, and of course, we will happily work with you to—

**Mr. Robert Bailey:** I just need the commitment to work with the city and with the board of Bluewater Health.

Yes, I'd like to say thanks because it's a lot to do with that hospital that I'm here today.

**Hon. Deborah Matthews:** Indeed. I don't know if the deputy has anything to add to the decommissioning issue.

**Mr. Saïd Rafi:** No, not substantively.

**Hon. Deborah Matthews:** Okay.

**Mr. Robert Bailey:** Okay, thank you.

**The Chair (Mr. Garfield Dunlop):** Do you have another question?

**Mr. Robert Bailey:** No, I'm done.

**The Chair (Mr. Garfield Dunlop):** Mr. Clark?

**Mr. Steve Clark:** Just quickly, I have an issue I want to bring to your attention. It's regarding the Brockville Mental Health Centre—

**Hon. Deborah Matthews:** I'm sorry; I didn't—

**Mr. Steve Clark:** The Brockville Mental Health Centre, the Royal Ottawa Health Care Group and the Brockville General Hospital. Ms. Elliott and Ms. Jones came to my riding, and we had a mental health forum regarding the select committee's report. It was very well attended. One of the first—

**Mr. Phil McNeely:** Chair, can you get him to speak closer?

**Hon. Deborah Matthews:** We can't hear you.

**The Chair (Mr. Garfield Dunlop):** Speak into the mike a little better.

**Mr. Steve Clark:** Sure. One of the first things that was brought up at that seminar was the slowness of the acute care parcel, which is Elmgrove, and the slowness of having that approved by your ministry and accepted by the Brockville General Hospital.

As you know, myself and my predecessor, Mr. Runciman—although we have felt that we should have put the transfer of transitional beds on hold until we worked on some more positive aspects to the site—things like the female secure treatment centre that we're trying to get—there seems to be an undue delay in the transfer of the funds and the approval of the funds so that the Brockville General can accept that Elmgrove portion of the acute services from the Royal Ottawa.

I've got two questions. The first is, when will your ministry be approving those funds so we can get moving? And will your ministry work with our community on the secure treatment side to provide sort of an all-party group that will work on that particular aspect as well?

**The Chair (Mr. Garfield Dunlop):** Two and a half minutes left, Minister.

**Hon. Deborah Matthews:** Okay, thank you.



Of course, the history is the hospital restructuring commission—

**Mr. Steve Clark:** Yes. I know the history.

**Hon. Deborah Matthews:** —back in 1998, I think, recommended that this move be made. It has taken some time, but we are moving forward. As I understand it, there were three units of patients at the Brockville Psychiatric Hospital to transfer. Two of those units have been transferred, one in the spring of this year and another one in September. The third, the LHINs are working on right now.

Perhaps I will ask my deputy; he's been working on this issue personally.

**Mr. Steve Clark:** If the deputy's going to respond, the other issue is, because of the uncertainty, staff are not bumping into that acute side. They're going to the forensic unit or the secure treatment unit. There is a possibility that we will not have overnight psychiatry services, that those people in need will have to go to a general hospital or be transferred out of the community. The whole uncertainty is a huge issue in the riding. I want to make that point before the deputy responds.

**Hon. Deborah Matthews:** I do understand that, and I appreciate that. In fact, in London, I'm dealing with a not-dissimilar situation. I do understand the issue. I know the deputy has worked personally on this issue and maybe can bring you up to date.

**The Chair (Mr. Garfield Dunlop):** Deputy, you've got about a minute left.

**Mr. Saïd Rafi:** Okay, thank you.

It is unfortunate that the two hospitals haven't been able to come to some form of resolution. I take your point about the impact on staff as well.

I think we can commit, though, to get to the bottom of this issue. We've had calls and discussions with both LHINs' CEOs, and we'll be coming forward with a plan between them to fund the necessary costs to make sure the transfer takes place in the most expeditious manner possible. We hope to report back to you within, I would say, four weeks or less with a resolution.

**The Chair (Mr. Garfield Dunlop):** Okay. That's very good. Thank you very much, Deputy and Minister.

Now we'll go to the third party for their next 20-minute rotation. Ms. Gélinas.

**M<sup>me</sup> France Gélinas:** I want to bring us back to primary care. The Ontario Health Quality Council tells us that 750,000 people who didn't have access to primary care still don't have access to primary care—and this is over the period of time that you were in power. One of the models that really shows great opportunities for the people who I represent is the nurse practitioner-led clinics. We're really happy with the ones that are operating in my riding.

I'm curious to better understand: You have a commitment of \$38 million over three years to implement the 25 nurse practitioner-led clinics. From what I understand, you have spent \$8.4 million. Is the \$8.4 million spent out of that \$38 million for the next three years, or the \$38 million is for ongoing?

**Mr. Saïd Rafi:** Can we get back to you with an answer to that? It's a very specific question.

**M<sup>me</sup> France Gélinas:** Sure, 30 days?

**Mr. Saïd Rafi:** How about 30 minutes?

**M<sup>me</sup> France Gélinas:** Even better: 30 minutes is within my 30 days.

So we have 25 that have been announced. How many are operating?

**Hon. Deborah Matthews:** I believe we have three operating right now. I think Belle River, Sudbury and the third in eastern Ontario—

**Interjection:** Belleville.

**Hon. Deborah Matthews:** —Belleville, where the Premier, I think, attended the opening. We announced the successful applicants, and as you well know, it takes some time to get the space, to get the personnel. We have made it very clear to them we want them up and running as quickly as possible.

I'm very, very pleased; one of them actually happens to be in London. I know very well the people who are looking forward to serving the population.

I think we only have three open now, but the others are coming along as quickly as they can.

**M<sup>me</sup> France Gélinas:** Okay. I would be interested in the breakdown of the \$38 million over three years that you have committed for the implementation of the 25. Can I have a breakdown as to how much per year? I take it it starts in 2010-11, then 2011-12 and 2012-13. How is this money going to be distributed?

If you can also give me a breakdown of the full-time equivalent position per professional, as in how many FTE nurse practitioners, nurses, dietitians etc. for this model of primary care. Is this something you can do now?

**Hon. Deborah Matthews:** My understanding—and correct me if I'm wrong—is that we announced the successful applicants, but then we will be working with them to actually come to an understanding of exactly what the staffing complement is, what their budgets will be and so on. That work is under way right now, as we speak. We won't be able to actually tell you how many people are going to work there because we don't know yet.

Perhaps the deputy can add something.

**Mr. Saïd Rafi:** Just by way of a partial answer on the allocation, it would not be unexpected to have the dollars allocated when NPLCs are operational, and the NPLC model takes a little bit longer to get established. So just to supplement the minister's comment, once operational, we can tell you the interprofessional breakdown, because they would, in their application, give some notion of what that would be, as you well know. But then, depending on where they end up in the actual hiring process as well as patient need within that catchment area, that number may vary—not dramatically, but it may vary.

The other thing is, since we have three operational, I can't tell you that—we're certainly not taking \$38 million and dividing it by three in each year; we're taking it on an operational basis.

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We need to make sure that the organization is in place. They're new models, so they're taking a little bit longer than a family health team to get established. Nevertheless, as you say, we would hope that over the next three years, we can get the 25 operational, and that's the plan.

**M<sup>me</sup> France Gélinas:** I'm surprised to hear this. Why do they take longer than a family health team to get established?

**Mr. Saïd Rafi:** I can get you some more details on that, but I think much of that sometimes has to do with finding appropriate lease space.

There's a myriad of factors that go into this. It isn't just a coalescing of the actual professionals. That's probably relatively easier than it is to get space and get incorporated. Many of these individuals have not experienced the incorporation process. They're health practitioners; they're not corporate accountants or lawyers. They need to search out that kind of advice to constitute themselves in the best manner possible.

I think it's fair to give them the proper time to, as the saying goes, get their feet on the ground.

**Hon. Deborah Matthews:** What I'd like to add, though, is that when we were determining that we had far more applications for clinics than we had the ability to fund, one of the criteria we looked at was, "How quickly can you get up and running?" Timeliness is important to us. We hope to have them all up and running within a year. But over the course of the three years, they'll get established and move from there.

**M<sup>me</sup> France Gélinas:** I understand that the salary scale for the physician collaborator—because every nurse practitioner-led clinic needs to have a collaborating physician—has been established at about the midpoint of a community health centre physician. I'm wondering what motivated that decision.

**Mr. Saïd Rafi:** We'd have to go back to determine what the decisions were at the time and what the calculation was—how it was based on, comparing to—if indeed it was compared to the community health centres as well. That will likely fit into the 30-day timeline.

**Hon. Deborah Matthews:** What I can tell you is—and you know this, because you've been actively involved in facilitating the issue—the model that we started out with, in terms of compensation for the physician, didn't turn out to be one that was working very well for the nurse practitioners, so it was something that we had to go back and take another look at and determine what would be fair compensation for those physicians.

To land on where community health centres are seems to me to be kind of the place we should be. What's important to us and, as you well know, what did cause some delay was getting that right combination of nurse practitioners and physicians.

**M<sup>me</sup> France Gélinas:** Okay. Because it used to be—a fee-for-service physician model does not work when you're doing collaborating work in a nurse practitioner-led clinic. The salary model works well. It's just odd to have a physician working next to a community health

centre, and they both do similar work but they don't get the same pay. I don't understand where this reasoning came from.

**Hon. Deborah Matthews:** Let's just see if we maybe have—

**M<sup>me</sup> France Gélinas:** The answer?

**Hon. Deborah Matthews:** —the answer for you.

I thought what you were saying was that the compensation is the same as community health centres.

**M<sup>me</sup> France Gélinas:** No; it has been fixed at the midpoint. Let's say a physician in a community health centre makes \$180,000 a year, max. The salary scale goes from \$128,000 to \$180,000. The midpoint of this is about \$155,000. A physician who works in a nurse practitioner-led clinic is at \$155,000, the midpoint. It doesn't matter if you have two, three, four, five years of experience with them. You're at the midpoint.

**Mr. Saïd Rafi:** I guess, initially, I would say that we have three operational. We're learning, in terms of the experiences that those NPLCs have. It's my understanding that the NPLC receives a stipend of approximately \$838 per month for every nurse practitioner full-time equivalent to provide to the collaborating family physician for their own consultation.

We also want to review that and determine over time, on a longitudinal basis, whether that's an appropriate landing point—salary projections or different physician models. This is not a science, so we're trying to learn based on the operational experience of the three NPLCs.

**M<sup>me</sup> France Gélinas:** Okay, so my—

**Mr. Saïd Rafi:** You know the salaries better than I do off the top of my head. That's demonstrably clear. I'm just giving you the information that we have at our fingertips. We're trying to provide that stipend to encourage the physician to work with the nurse practitioners, and also to give the nurse practitioner-led clinic the ability to attract a consulting physician, such that the model can work in the most reasonable manner possible and in the manner that was intended in the community.

**M<sup>me</sup> France Gélinas:** Okay.

**Hon. Deborah Matthews:** If I could just add to that, we're really excited to have the model of nurse practitioner-led clinics.

**M<sup>me</sup> France Gélinas:** So am I.

**Hon. Deborah Matthews:** As the deputy has said, we're just learning how to do this and how to do it right. There is going to be a lot of learning, and we want to be part of the learning.

I do actually have some answers to questions you asked earlier. If I could give those to you now?

**M<sup>me</sup> France Gélinas:** Sure.

**Hon. Deborah Matthews:** So your question was, how many of the 151 FHTs have a community-led board versus a physician-led board of directors? Of the 151, 21 are community-governed; the remaining 130 are either physician-led or have a mixed-governance model.

You asked a question, how many of the remaining 49 non-operational but soon-to-be-operational family health teams will have a community-led board versus a phy-



sician-led board of directors? The remaining 49 comprise 19 in wave 4 that are expected to be operational by December this year and 30 in wave 5 that were announced in August and are expected to be operational by August 2011.

Of the 19 in wave 4, one is community-governed; the remaining 18 are either physician-led or mixed. Of the 30 in wave 5 family health teams, it's too early to tell what type of governance they will have. They're now entering the business-planning stage of their development, and part of that development is designing and confirming their governance model and their board membership. We're hoping to have those by February 2011, and we'll have a better idea then.

**M<sup>me</sup> France Gélinas:** Thank you.

**Hon. Deborah Matthews:** That was before 30 days.

**M<sup>me</sup> France Gélinas:** That was way before 30 days.

**Hon. Deborah Matthews:** Within 30 minutes, I think. We're doing better this year than last, aren't we?

**M<sup>me</sup> France Gélinas:** You're doing way better this year.

My last question regarding the FHTs and nurse practitioner-led clinics would be, has the ministry recommended salary scales for the different professionals? Do you have recommended salary scales for physicians, nurse practitioners, nurses etc.? I would like those salary scales to be shared. What are your recommendations for both models?

**Hon. Deborah Matthews:** We will do our best to get you that information.

**M<sup>me</sup> France Gélinas:** Within 30 days?

**Hon. Deborah Matthews:** If we have it.

**M<sup>me</sup> France Gélinas:** I'm batting 1,000.

Moving on to questions about hospitals for a little while, the first one has to do with money. We're in estimates, so good place, eh? We have a 1.5% base funding increase for hospitals but a total of 4.7% increase to hospital funding. Can I have a breakdown in amounts by hospital, if possible—aside from the 1.5%, which I can do the math for myself—for all additional funding for each of the hospitals, whether it was construction funding, high growth, wait times etc.? How was the 3.2% difference allocated?

**Mr. Saâd Rafi:** May I clarify?

**M<sup>me</sup> France Gélinas:** Sure.

**Mr. Saâd Rafi:** You don't need the 1.5% because you feel you're okay with that.

**M<sup>me</sup> France Gélinas:** Well, if you have it, I'll take it.

**Mr. Saâd Rafi:** Okay. The difference is 3.2%, you're saying? You want that broken down by hospital. You also mentioned construction in there—

**M<sup>me</sup> France Gélinas:** I want to know how it was spent. Sometimes you make announcements and you call those announcements "post-construction funding." In Sudbury, it was called that; it was on the big cheque. Then sometimes it's because of high growth. Sometimes it's because of a wait times strategy.

**Mr. Saâd Rafi:** I understand. Thank you.

**M<sup>me</sup> France Gélinas:** You have called those investments by different names. I'm just using the same names you have used.

**1740**

**Mr. Saâd Rafi:** So I guess, through the Chair to the clerk, there are 156 hospitals. This might be one of those that may require some time, but we will do our utmost to get that information to you.

**M<sup>me</sup> France Gélinas:** I appreciate it.

**Hon. Deborah Matthews:** A further complexity to this, because it is health and it's always complex, is that the 1.5% actually didn't go. Each hospital didn't get 1.5%.

**M<sup>me</sup> France Gélinas:** Oh my. Okay.

**Hon. Deborah Matthews:** Yes. So that actually is divided in two. Every hospital did get 0.75%, and then the remaining 0.75% was allocated within the LHINs in a way that was responsive to the needs of their particular LHIN.

What we call a 1.5% base is the aggregate—a 1.5% base increase. Not every hospital did get 1.5%. I bet you want that breakdown, too.

**M<sup>me</sup> France Gélinas:** Yes.

**Hon. Deborah Matthews:** We'll do our best to get that.

**M<sup>me</sup> France Gélinas:** It does get more complex really quickly, doesn't it?

The other one is the emergency wait time funding.

**The Chair (Mr. Garfield Dunlop):** Four minutes left now.

**M<sup>me</sup> France Gélinas:** Oh my.

Some of it went to physician initial assessment funding. Some of it went to ambulance offloads. Some of it went to nurse funding. Can I have a breakdown as to where the money for emergency wait times got distributed? You can give it to me by envelope—like so much was allocated for physician assessment, so much was allocated for ambulance offloads, so much was allocated for nurses. But I would also like it per hospital—which hospital got what of the money that was allocated on the emergency wait time funding.

Nothing good ever comes out of a secret.

**Hon. Deborah Matthews:** No, it's not a secret. I think he just wanted me to say it.

The point is, these are complex calculations. We'll do our best to get them to you in as timely a way as possible. But it is a big project, to pull that number out for each of the hospitals. I'll leave it at that. We'll do our best, but it's not readily available in the format you've asked for.

**M<sup>me</sup> France Gélinas:** Okay. What can you share about the process for 2011-12 hospital funding and the time frame for the release of the new hospital accountability planning submission?

**Mr. Saâd Rafi:** The accountability agreements between the LHINs and the hospital?

**M<sup>me</sup> France Gélinas:** Yes.

**Mr. Saâd Rafi:** I don't think we can share too much on the 2011-12 plan because we're in the throes of working with the minister and the government on that. I think

it would be premature to start talking about allocation numbers or growth figures.

**M<sup>me</sup> France Gélinas:** No, I'm not interested in the end result. I'm more interested in the process as to how we get there. What is the process for getting to a decision?

**Mr. Saïd Rafi:** Perhaps I'll start by saying that generally, we do zero-base budgeting. Based on that premise and that starting point, we have to examine what the potential allocation will be against the province's fiscal framework. We look at that across five very large sectors of health funding of which, within that, there might be dozens of lines of funding under each—under hospital funding, under community-based funding, under public health and emergency funding as well.

We have to then build up what is possible under a population-based assessment model for hospitals' growth funding and then look at, as you referred to in your previous question, other elements beyond the growth number. As you referenced, last year was 1.5%. What is some continued funding in the area of wait times? What is some continued funding in the areas of emergency department changes or pay-for-performance activities? Then that is put into an overall budget, which is, today, at \$44.5 billion, to try to see what the next fiscal framework can accommodate. In concert with the minister, the Ministry of Finance and the Ministry of Infrastructure, that then gives us a sense of whether those five larger buckets will have any room whatsoever in which to provide increases, if any, or hold the line, if necessary. I suspect the latter will be more prevalent given the fiscal situation the province finds itself in.

That's a rudimentary approach to our budgeting that doesn't do it justice.

**The Chair (Mr. Garfield Dunlop):** Thank you very much, Deputy. We'll now go to the government members. Mr. McNeely?

**Mr. Phil McNeely:** Minister, thank you for being here.

I just want to get on the record a little bit about my past background as consulting engineer. They seem to be thrown into another group these last few days, so I just wanted to say what a good job the consulting engineers do in our province, and architects, environmentalists, environmental engineers and planners, how much we depend on them. I wanted to say that. I spent 35 years as a consulting engineer and I'm very proud of the work that all consultants do. We do have some beautiful facilities that are a result of those professionals.

I would like to get into the funding. I was just looking at the per capita health spending in Ontario. From 1992, 1993 and 1994, there was actually a decline in per capita health spending in Ontario. In 1995, 1996, 1997 and 1998, it was flatlined again. Those are the years that caused a lot of disruption in our health care system.

I would suggest that that was the time that lobbyists came up in prominence in this province, because you had to have a lobbyist to keep your hospital open. We had that with—the Grace we lost, the Riverside we lost; we

were going to lose the cardiac unit at CHEO and we were going to lose the Montfort Hospital. We had SOS Montfort. It was an historic operation to keep that hospital open. Lobbyists were really prominent in that day to keep your hospitals open.

I'd really like to make the point that these are different days. When you hear the issues that have come from the other side, they're basically problems with the health system today. I agree with you entirely, Minister. When I took over as a freshman MPP in 2003, I would get calls about family doctors; they actually called me Dr. Phil. This is true: "If you can't find a doctor, phone Dr. Phil."

I went through that period and I'm very pleased to say that where we are today is so much better. We reinvested not only in infrastructure in many ways, but we reinvested in the health system. I was briefed on the excellent care for all strategy. What you're doing generally I think is just wonderful for the health care system, and it's coming a long way.

One of the areas we had problems with was sourcing IT. I'm glad to see that you now have IT Source, a modern, mobile workforce of OPS staff who can be deployed to IT projects across the government. As a consulting engineer, that was one of the most difficult things that I ran into—trying to figure out what you needed, and you had all these people telling you. When I went to the city of Ottawa as a councillor, we brought in the SAP project, which was to control all salaries—a huge project, \$40 million—and it gave us trouble. If you review the IT projects from the beginning, I think what you've done with IT Source is exactly what had to be done so that you can properly scope the projects now with your in-house staff, define the expertise you need, estimate the time requirements, describe the deliverables, estimate the costs and monitor the in-house staff or consultants you hire.

I think that is wonderful. That has to be taken out to hospitals; that has to be taken out to the LHINs. Once you get into a consultation with a major IT project, at that time it's very difficult to make any changes, to change consultants even, and so this in-house expertise is wonderful.

1750

You mentioned in your speech the shortage of doctors in our communities. Since 2003—and they came in sort of late—I've got two new family health teams that are just up and running, one that has been running and doing a great job and two others that are starting, and this is just great, to expand the capacity of our doctors to do so much more work.

We have a million new patients in Ontario who are connected with family doctors, so that is essential. I know I got into problems switching from a Toronto doctor to one at home, summertime problem, and so there's still more to do.

But I would just like you to go over the access to family doctors and where the province is now.

**Hon. Deborah Matthews:** Thank you very much for that question. I first want to say that consultants are really



an important part of our health care system, and I know that there are some who have perhaps misinterpreted the legislation that we have recently gone forward with to somehow suggest that we don't support the use of consultants. That simply isn't so. What we are absolutely determined to do is ensure that consultants are properly procured and that once they are working on a project, there is appropriate oversight of those consultants. So you can pass on to your consulting engineer friends that we value the work of consultants. We just think it's important that appropriate oversight and appropriate procurement rules be followed.

The access to primary care, I have to say, was—there were two issues, and I'd have trouble saying which one was more prevalent when we were first elected in 2003. The two are access to primary care and wait times, that people were waiting unbelievably long periods of time for surgery they needed. And when we took over in 2003, first of all, we started to measure both of those and then we started to make strategic investments to address those problems.

Access to primary care: Of course, we know if people don't have primary care access, they use our emergency departments, and that's where they show up. They don't get the continuity of care that they need. They have to repeat their story every time they go into an emergency department or a walk-in clinic. The physician there doesn't know the history of the patient. There's no continuity of care. They don't know what medications they are on there. There is so much information they don't have. So we attached a very high priority to getting more Ontarians attached to primary health care providers.

George Smitherman used to say, when he was trying to explain why this was a stubborn problem, "You know, you can't make a doc as fast as you make a pizza." I don't know if you remember him saying that. He's absolutely right. So to have attached a million Ontarians in a period of seven years is an astonishing accomplishment, given how long it takes to train a doctor. It really did require a multi-pronged approach to be able to get 2,900 more physicians working today than when we took office: 2,900 more physicians serving a million more patients. We have more specialists as well.

So how did we do it? We expanded medical schools. We built a whole new medical school. We added 160 first-year spaces and we're committed to adding 100 more. We increased residency spots for family physicians, and now we're increasing residency spots for specialists. I just announced 75 new residency spots for specialists. We've enormously expanded the number of international medical graduates and more than doubled the number of IMGs who are getting residency spots every year.

We've reversed the brain drain. We used to hear about doctors moving south of the border, and I'm really proud that we've reversed that brain drain. We now have more doctors moving from the States into Ontario than the other way around.

The other thing we did is, by building our family health teams and supporting physicians with so many more allied health professionals, we're actually increasing the number of patients that any one doctor can see because they've got access to nurse practitioners, nurses, social workers and so on, so the doctors' time is spent doing the things that only doctors can do, and other allied health professionals are doing other things as well. The reality is that those allied health professionals actually do a better job than the doctors in some of those areas. If you need counselling, it's way better that you talk to a trained counsellor than to a doctor who may not have that specialty or may not have that time.

We've also launched forward on nurse practitioner-led clinics. We're just at the beginning of this, but it's a very exciting opportunity to increase access to primary health care.

We've got a million more Ontarians attached. We have about 94% of Ontarians now attached to primary health care. We've made a special effort to attach people with complex health conditions, vulnerable patients. We're really fast-tracking them through the Health Care Connect program. If someone enrolls in Health Care Connect and they've got a complex health condition, we get them attached to primary care as quickly as we can. If you've got diabetes, we want you to have that primary health care because we know it's actually way better for the patient. It's also way better for the system, because if people don't have access to primary health care, they don't get that early diagnosis or the early treatment and it waits until it's gotten to a stage where they need much more expensive and much more invasive treatment.

Focusing on the front end, focusing on prevention, attaching people to primary care has been a very, very high priority for this government. As we talked about earlier, there still are parts of the province where we don't have the problem solved, but we have solved the problem in some parts of this province and we're determined to improve access for all Ontarians. Now we know where the problems are and we can make strategic investments to improve access to care there as well.

People really don't ask a lot of their government, but what they do ask is that they get the health care they need when they need it as close to home as possible. For many people, really the only interaction they have with the provincial government is the health care system.

Getting people access to primary health care is our job. When we said in our first mandate that we were going to attach 500,000 people to primary health care in the first four years, there were a lot of people who said, "You can't do that. It's just impossible," but we did it.

Then, in 2007, we made another commitment for the next four years that we would attach another 500,000 people, and we have done that a year ahead of schedule. So we're really making good progress.

I think the future of our health care system depends on us making those early investments, getting people the care they need as early as possible, having that continuity of care, having those regular tests done and getting that

primary health care. I just say that we've made extraordinary progress on that front and I'm really proud of it.

**Mr. Phil McNeely:** I agree with the direction we've been going in. You can't manage what you can't measure. I think that's been so important with the wait times for procedures and the wait times in emergencies. With the excellent care for all strategy, you're taking that measurement to another level, I believe.

1800

Making hospitals responsive, or having their compensation not on a historical basis but on so many procedures done, if you could just touch on that for a minute.

**Hon. Deborah Matthews:** Sure.

**The Chair (Mr. Garfield Dunlop):** You have five minutes left in this round, Minister.

**Hon. Deborah Matthews:** Okay. The Excellent Care for All Act has really been celebrated and embraced by health care providers across the province. I'm not sure that we, as MPPs, actually understood the impact that it would have on the system. I have the opportunity to talk to people from across the province, and they are very excited about this new responsibility that they will have, and that is to start focusing on quality of care.

We asked our hospital boards to take responsibility for fiscal matters for a number of different—they have a number of different responsibilities, and now they have a new one: It's quality of care.

What we are going to do is develop quality metrics that hospitals right across this province will report on. They will see how they are doing compared to other hospitals. They will be required to have quality improvement committees in the hospital. On those quality improvement committees, we'll have nurses, doctors and others, who are really focused on how we improve the quality in this particular hospital. Then every year, they'll come up with quality improvement plans, and the compensation of the executives will be tied to achieving those quality indicators.

It's so important, because we know that poor-quality care is actually very expensive care. Poor-quality care means that people get pressure ulcers that they didn't have to have. It means that people are discharged from the hospital without proper support on discharge, and they end up being readmitted into the hospital. It means that infections can happen in hospitals.

None of this has to happen. We know how to deliver high-quality care. Now we have to actually get to work and do it. We know how to do it; now we're going to measure it.

I tell you, when we start measuring and publicly reporting, there will be some bad news there, because once you start measuring, you do sometimes find—in fact, you always find—bad news. But that's the point of measuring. That's the point of publicly reporting: so that you

can see where you're falling short and you can see where you can make improvements.

We're starting with hospitals when it comes to quality, but we're not going to finish with hospitals. We're going to spread this focus on quality right across the health care sector.

I do have to say that our long-term-care sector actually is showing us how to do it. They are leading the way when it comes to quality indicators. I am enormously proud of our long-term-care sector for what they have done when it comes to quality. They have a patient-first initiative that is bringing down rates of falls, pressure ulcers and depression amongst the residents of long-term-care homes because now they know what they're looking for and they're measuring it, and they're having early interventions to make sure that people are getting the care that they need to live full lives in our long-term-care homes.

I'm excited about excellent care for all. It's going to be a challenge; we know that. But it will improve health care; it will improve the quality of health care and it does mean that our system will be significantly stronger.

The other really important piece of excellent care for all is, we're really turning our focus to the evidence. We know that while we like to think in health care that everything we do is evidence-based, in fact we do a lot of things that are not evidence-based. If you actually take the time to look at the research, to understand the evidence and then change your practice to comply with the evidence—we, again, are funding things that we don't need to fund, because they don't improve patient outcomes. We will also find that there are things we could do that will require more funding to improve the quality, and we will be able to make those strategic investments there.

**The Chair (Mr. Garfield Dunlop):** That pretty well cleans it up. We've just got 20 seconds. Anybody have a quick comment to make? Mr. Levac.

**Mr. Dave Levac:** Thanks to the minister and all the ministry staff for assisting us with answering all these questions. I think that they deserve a lot of kudos for putting themselves out there to try to give us all of that information in a timely way.

**The Chair (Mr. Garfield Dunlop):** I notice that quite a few people didn't show up.

**Mr. Dave Levac:** That's what I was looking at. I was looking at it and going, "Holy mackerel."

**The Chair (Mr. Garfield Dunlop):** Anyway, they're available, I take it.

With that, I appreciate that very much. To the minister, thank you so much; deputy, all the minister's staff.

We'll adjourn this meeting and we will reconvene on November 16 at 9 o'clock in the morning here. With that, we'll adjourn the meeting. Thank you very much, everyone.

*The committee adjourned at 1808.*









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# Official Report of Debates (Hansard)

Tuesday 16 November 2010



# Journal des débats (Hansard)

Mardi 16 novembre 2010

## Standing Committee on Estimates

Ministry of Health  
and Long-Term Care

## Comité permanent des budgets des dépenses

Ministère de la Santé et des Soins  
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## LEGISLATIVE ASSEMBLY OF ONTARIO

## ASSEMBLÉE LÉGISLATIVE DE L'ONTARIO

STANDING COMMITTEE ON  
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BUDGETS DES DÉPENSES

Tuesday 16 November 2010

Mardi 16 novembre 2010

*The committee met at 0903 in room 151.*MINISTRY OF HEALTH  
AND LONG-TERM CARE

**The Chair (Mr. Garfield Dunlop):** Good morning, everyone. I'd like to welcome everybody back to the committee, particularly Minister Matthews and all the staff of the Ministry of Health and Long-Term Care.

We are now resuming consideration of the estimates of the Ministry of Health and Long-Term Care, vote 1401. There is a total of three hours and 47 minutes remaining, so we should be able to clean up health today.

When the committee last met, the government caucus members had finished their 20-minute turn. We will now start the next round of questioning with the official opposition party for 20 minutes, followed in turn by the third party and then the government side for their next rounds.

I recognize the official opposition. You have 20 minutes, and we will try to go to 10:20 today, just to give us 10 minutes to get up to the House for question period. Okay?

Thank you very much. Mr. Clark, can you start?

**Mr. Steve Clark:** Yes, I can. Just before I do: Minister, good morning. You had mentioned that you had had some additional information on one of my questions regarding consulting contracts. Is this the time where you're going to provide that information? Just asking.

**Hon. Deborah Matthews:** We'll be getting information due by the end of the day today.

**Mr. Steve Clark:** I am going to be splitting my time with my honourable colleague beside me. I do want to ask a few questions first, sort of as a follow-up to some questions we had at our last sitting.

Minister, I just want to go back to page 12 of the Auditor General's report where they talk about the two cases of higher-priced consultants that were given preferential treatment in the procurement process. In one case, as I'm sure you're aware from the report, one of the consultants was the highest of 12 bidders. I guess my initial question is really to ask you to explain how the ministry broke the rules when previously you and the Premier had indicated that it wouldn't happen again.

**Hon. Deborah Matthews:** I'm going to ask my deputy to respond to this one.

**Mr. Saäd Rafi:** I would say that what are called "delegated authorities" that were in place at the time allowed executives in the ministry to make decisions at higher approval amounts. Regrettably, I think some poor choices were made by those individuals, as identified by the auditor in his report.

Subsequent to the minister's arrival in the ministry and my own shortly after that, we have moved, I think, fairly expeditiously to try and close down as many of those opportunities as possible, meaning that we have reduced the level of delegated authority for executives in the ministry. We have put in place a check-and-balance approach that requires another assistant deputy minister, preferably the chief administrative officer, to approve, first, the intent of the RFP and then how it is procured, with a group in the ministry that works with those executives, as well as putting on additional training.

To the greatest extent possible, we've tried, on a go-forward basis, to prevent these kinds of issues happening—

**Mr. Steve Clark:** With all due respect, I've heard about this double-checking contract release. I can appreciate you talking about moving forward. I want to know how, after the minister and the Premier made assurances that this type of contract wouldn't happen again, we are sitting here with an Auditor General's report and more discussion about what's going forward. I want to know what happened, and I would like the minister to address that, please.

**Mr. Saäd Rafi:** The only thing I can tell you—because I wasn't at the ministry at the time, so regrettably—

**Mr. Steve Clark:** No. With all due respect, someone has to take accountability for how, after this wasn't supposed to happen again, it did. I can appreciate moving forward. I want to know how this happened. I think the people of Ontario want to know how it happened.

**Mr. Saäd Rafi:** What I'm trying to say is that prior to the directives that were changed by the government, these actions took place. They were a function of the choices of people who had the ability to make those choices, and unfortunately they've made the—

**Mr. Steve Clark:** But, Deputy Minister, \$819,000, the highest of 12 bids—we're not talking about pocket change here. This is significant. For us to be sitting here with this happening a second time is unbelievable, and I just can't believe that someone isn't going to come



forward and give us the straight goods. I just don't understand that. Help me, Minister.

**Hon. Deborah Matthews:** Let's just back up a bit. There have been protocols in place for a long, long time that are simply not acceptable today. I think it's safe to say that under governments of all stripes there were procurement protocols in place that don't withstand the test of the light of day—

**Mr. Steve Clark:** But, Minister—

**Hon. Deborah Matthews:** Excuse me; if you—

**Mr. Steve Clark:** But we had eHealth, and it wasn't supposed to happen again.

**Hon. Deborah Matthews:** Chair, may I answer?

**The Chair (Mr. Garfield Dunlop):** Okay. Take a couple of minutes to answer. Then we'll get back to you, Mr. Clark.

**Mr. Steve Clark:** It wasn't supposed to happen again, Mr. Chair.

**The Chair (Mr. Garfield Dunlop):** Let the minister—

**Mrs. Liz Sandals:** Let her explain.

**The Chair (Mr. Garfield Dunlop):** We'll handle this. Go ahead, Minister.

**Hon. Deborah Matthews:** There have been protocols in place that have, as I said, gone under governments of all stripes. Ours is the government that has put an end to this kind of protocol. I think it's worth listening to the deputy about what protocols have been put in place prior to the release of this Auditor General's report that will prevent that from happening again.

I also think it's important to note that price is not the only criterion for selection of a consultant. There are other factors that go into the decision.

**The Chair (Mr. Garfield Dunlop):** Mr. Clark?  
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**Mr. Steve Clark:** Minister, you talk about "governments of all stripes." I'm talking about you and the Premier, after eHealth, making a pledge that this wouldn't happen again, and we're sitting here again talking about the same type of contracts. Now you're saying it won't happen a third time because you're double-checking a contract release. Something went wrong after you promised it wasn't going to happen again. Talking about moving forward doesn't answer the question.

**Hon. Deborah Matthews:** I am not going to sit here and defend what happened. I think that the fact that the auditor went in at our request to look at the issue of procurement of consultants is a testament to our desire to continue to clean up protocols that are not acceptable.

I think it's also worth noting that the auditor himself, in the report, notes that there has been a significant change since the change in procurement rules has taken place. I will try to find that quote for you, but I think the auditor himself points out that significant improvements have been made.

**Mr. Steve Clark:** Minister, you can read the report. I'll read a quote from page 13: "The consultant's statement of work, signed by the ministry, listed project deliverables but had no breakdown of how the contract

price had been arrived at..." It later says, "Nor could the ministry justify the project's cost..."

There were glaring things that were put in place after eHealth, after assurances that this type of thing wouldn't happen again, yet on your watch, it did. It's unbelievable, and I can't understand why all you want to talk about is moving forward. It makes no sense to me whatsoever.

**Hon. Deborah Matthews:** Let me try again. The experience with eHealth taught us a number of lessons and precipitated significant changes in the ministry. Those are changes that are now entrenched in the culture of the ministry. The deputy has spoken about the checks and balances that are now in place that were not in place before. That will prevent this from happening in the future.

I am not, as I said, going to defend what happened. It is my responsibility to put in place the protocols to ensure that it does not happen again.

The auditor himself did note that things are significantly improved. As you'll recall, his report spans the time prior to the procurement changes and after the procurement changes, so it's difficult to pull out of the examples of what was before the change and what was after the change. We have significantly changed the procurement protocols within the ministry. What we are doing in our legislation is, of course, taking the advice of the Auditor General and extending it to the broader public sector.

I will read from the auditor's report on page 12; I think you have that page open. He says, "Our review of a sample of consulting-services engagements from April 2009 to February 2010 confirmed that, for the most part, the ministry was complying with requirements."

I take the auditor's opinion as a very valid opinion. He investigated thoroughly. This is the conclusion the auditor came to, and we have put in place some protocols that will prevent this from happening in the future.

I have to say that I think it is significant to note that the auditor did go in at our request to give us our best advice. I actually think that is something we should all take pride in: that we are open; we are transparent; we are accountable. That means shining a light where the light had not been shone before. When your party was in power, there was no light being shone. There is now a light being shone. I think it's incumbent upon us in government to actually be prepared to see where we can make improvements. As long as we have an Auditor General, there will always be advice on how to improve, and what we're doing is acting on what the auditor said.

**Mr. Steve Clark:** But your answer is the same now as it was after eHealth: "It's not going to happen again." It's the same answer. I'll go back. You say "significant to note." It's significant to note on page 12 that in two cases, higher-priced consultants were given preferential treatment in the procurement process. You said that it wasn't going to happen again, and it did. That's what I'm talking about.

**Hon. Deborah Matthews:** So, in fairness, what I think I'm going to ask the deputy to do is to repeat what

changes we have put in place in the ministry to ensure that this will not happen again.

**Mr. Steve Clark:** I heard it the third time. I understand “double-checking contract release; it won’t happen again,” but that’s what you said the first time. How do you expect a LHIN or a hospital or eHealth or Cancer Care Ontario to follow the rules when your own ministry didn’t follow the rules?

**Hon. Deborah Matthews:** With respect, we are following the rules that are in place today. We put in place those rules and we are following those rules. We have very high standards for our agencies. They understand how seriously we take this.

**Mr. Steve Clark:** I thought you were putting high standards in after eHealth, and we’re sitting here with the same thing, the same discussion.

**Hon. Deborah Matthews:** The protocols we have put in place are as a result of eHealth, so I think there’s a little chronology issue here. So we’ve learned lessons from eHealth, we’ve put in place protocols, the Auditor General himself acknowledges that those protocols are working, and we’re moving forward.

**The Chair (Mr. Garfield Dunlop):** Mr. Arnott, have you got a question?

**Mr. Ted Arnott:** I do.

**The Chair (Mr. Garfield Dunlop):** There are seven minutes remaining in this round.

**Mr. Ted Arnott:** I very much appreciate this opportunity to ask questions of the Minister of Health and have the deputy minister here, as well as Ms. Sandals, the member for Guelph, and the member for Oakville, Mr. Flynn. I know that they’re interested in the hospital proposals in Wellington–Halton Hills as well. Unfortunately, Mr. Flynn didn’t see fit to support my resolution on October 22, but at the same time, I know that because he works with Halton Healthcare Services, he would perhaps want to reconsider that going forward.

I wanted to ask you, Minister, if you’ve had the opportunity to be briefed by ministry staff on the hospital proposals that are being put forward by the Groves Memorial Community Hospital in Fergus, as well as the Georgetown Hospital in Georgetown, which is part of Halton Healthcare Services.

**Hon. Deborah Matthews:** Yes, I have. What I can tell you is that in the Groves situation there is a plan for a new facility that has been submitted to us, and I’m aware of that. When it comes to Georgetown, I understand that that proposal actually has not yet been submitted. That’s my understanding. Maybe you can update me if that’s not the case.

**Mr. Ted Arnott:** But you would be aware that a meeting took place in your boardroom—I hope that your staff would have informed you of that—in late August, with senior ministry staff, where the hospital representatives from Georgetown and Halton Healthcare Services gave a presentation to your senior ministry staff to inform them of the need for a small capital project to accommodate our new CT scanner that the government has approved, as well as renovations to the emergency room.

Yes, I’m pleased that you have had at least an opportunity to hear something about the projects and that we’ve had the opportunity, you and I, to discuss them privately during quiet moments in the Legislature.

I just wanted to ask you what you could advise my communities with respect to those projects going forward. What is the likelihood of their approval, and when would we expect to hear something from the ministry in response to those project needs that have been identified?

**Hon. Deborah Matthews:** As you would be aware, we have embarked on the largest health infrastructure renewal program ever in the history of Ontario. Many of your colleagues in caucus have seen hospitals built as a result of that.

We inherited a disgraceful deficit when it came to hospital infrastructure. We did turn our attention—we had a first five-year ReNew Ontario infrastructure plan. As you can imagine, there was tremendous demand for the resources that we allocated to capital. We are now working with the Minister of Infrastructure on a 10-year capital plan. We are taking all of the proposals and looking very hard at what we can do. You would be aware that the fiscal reality means that there is significant competition for those resources, and we are doing the very, very best we can to come up with a plan that will meet the needs of Ontarians.

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I do have to say, though, that because the deficit that was created was so enormous, we’re still playing catch-up. We take this very seriously. We know that there are capacity issues. We know there are safety issues. We know that there are growing communities that don’t have access to the care they need because of the population growth in those areas. We still have buildings that are very old.

We know that delivering health care is significantly different now than it was. There’s a lot more done on an outpatient basis. The equipment is larger. There’s a lot more in an operating room, for example, than there used to be. There’s a lot more equipment, a lot more people.

We know that we still have, despite an extraordinary investment in infrastructure—18 brand new hospitals and 117 major capital projects across this province. We know there’s still more to do, and we know that you’re anxious to see the ones in your riding completed.

**Mr. Ted Arnott:** And \$2.3 billion, apparently, spent last year on the total infrastructure investments on hospitals, according to the budget documents, and this coming year it’s \$2.065 billion. That’s, to some degree, fuelling the expectation in our communities. There’s a lot of money being spent, and we would hope to find out where we are on the list of—

**Hon. Deborah Matthews:** There is a lot of money being spent, but I have to tell you, when you line that up against the need—we’re making headway, we’re making up for lost time, but I will tell you, this will cost a significant amount of money. Then, of course, once you build a new hospital, very often you’ve expanded services, and there’s a need for more operating money as



well. We're really focused on ensuring that people have access to infrastructure, but I tell you, we cannot move forward on infrastructure if we don't have the resources to do it.

I know that you voted against the last infrastructure plan, the first five-year plan, so I'm asking you if you will support the next one as we continue to rebuild infrastructure in the province.

**Mr. Ted Arnott:** Well, I would have voted against your budget because I sit in opposition. But at the same time, I appreciate your explanation.

I understand that you're probably going to be coming to Guelph this Friday—

**Hon. Deborah Matthews:** Yes, I am.

**Mr. Ted Arnott:** —to participate in the opening of the north wing of St. Joseph's Health Centre. I would like to publicly extend to you an invitation to also visit the Groves Memorial Community Hospital as well as the Georgetown Hospital, if you have the opportunity, if you have some free time during the course of that day. You may have other commitments—I don't know—but certainly you would be welcome to visit us.

**Hon. Deborah Matthews:** Thank you very much.

**Mr. Ted Arnott:** If you're not able to visit us, I'd like to ask you at this time if you would be willing to meet personally with hospital representatives from the Groves Memorial Community Hospital and the Georgetown Hospital, at some point before Christmas, so that they can have the chance to explain to you what their needs are and so that you'll have an opportunity to hear first-hand from them what it is they would like to see you do.

**Hon. Deborah Matthews:** I appreciate the invitation, and I will see what my schedule will allow.

**The Chair (Mr. Garfield Dunlop):** And that's the time we have for the official opposition. We'll now go to the third party. Mr. Prue.

**Mr. Michael Prue:** Madam Minister, good morning again.

**Hon. Deborah Matthews:** Good morning again.

**Mr. Michael Prue:** You started off by making a statement to the first questioner that your government is open and transparent. I know the government likes to say that's true, but the question I have comes about because we have consistently, in the NDP, been forced to file freedom-of-information requests around a great number of things that we're trying to find out, and it's not very open and transparent to us on some of the facts that we're looking for.

Particularly, we are trying to find out about the levels of care: hours actually delivered as opposed to hours paid, broken down by sub-sector—municipal, charitable, not-for-profit, for-profit; and by classification—PSWs, RPNs, RNs, nurses, management. Why is the government so reluctant to release this information any other way except by freedom of information?

**Hon. Deborah Matthews:** I think France Gélinas asked similar questions, and we are working to get that information.

Sometimes there are requests for information that are asking for information in a format that we don't actually—we don't have those records. We have to create the information. It takes time, it takes services. We do our best to get information to you under freedom of information, and I know you'd like it faster, but it isn't always possible to do that.

I think the freedom-of-information legislation is there for a reason. It's designed to protect third parties, for example.

We do our best to get the information to you, and we'll continue to endeavour to get it for you in a timely manner.

**Mr. Michael Prue:** I have some difficulty with the answer because in the United States freedom of information is not considered anything to do with third parties or trying to keep things private. It's published online literally in every state. This is not breaking new ground; this is Ontario being behind the pack in being open and accessible. This is done in other jurisdictions on this continent with great regularity. I'm wondering why the Ontario government has not been willing to do this in the past and when we can expect that to change.

**Hon. Deborah Matthews:** When it comes to transparency and what's posted online, Ontario leads the way when it comes to reporting wait times. All of the procedures now are online. When it comes to reporting infection rates in hospitals, it's publicly available. I think that people from Ontario are actually invited to go elsewhere to talk about our publicly reported results when it comes to health care. So there are parts where we lead.

I'm asking you if you would repeat what exactly it is that you are looking for.

**Mr. Michael Prue:** What we have been forced to get through freedom-of-information requests is what levels of care are actually delivered as opposed to those hours that are paid, broken down by the subsectors: municipal, charitable, not-for-profit, and for-profit. Also, we're looking at it by major classification, like who delivers these hours of care: personal service workers, registered nurses, nurses, RPNs, management. That's what we're trying to find out: hours of care throughout the long-term-care system. Your predecessor, Mr. Smitherman, openly wept in the Legislature, talking about the levels of care and a huge commitment to increase them. What we're trying to find out is how much the government has done along this and what levels are actually being provided so we can monitor and make sure you're doing what was promised.

**Hon. Deborah Matthews:** What's very, very important to us are the outcomes and how people are doing. The Ontario Health Quality Council, of course, is now reporting on long-term-care outcome indicators.

We know that when we start to report on indicators, care improves and outcomes improve. When we started to report on C. difficile rates, for example, we saw those rates decline because people working in hospitals saw how they were doing compared to other hospitals and they improved their practices. We now know that in long-term care, once we start reporting incidents of pressure

ulcers, for example, those rates start to decline because professionals in those long-term-care homes know how to prevent pressure ulcers. So we're giving them the tools.

What's very important to us is how patients in long-term care are doing. Actually, in long-term care we're moving to outcome-based quality reporting, so that we're looking at falls, at how people are doing, how their health is, how their nutrition levels are, what their activity levels are. Once we start tracking those outcome indicators, we're seeing, I would say, nothing short of remarkable results. We're seeing incidents of depression, for example, declining because people are paying attention to the early signs of depression early on and taking those appropriate steps.

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We really are moving forward on improving quality, not just in long-term care, not just in hospitals—that's where our focus is now—but our Excellent Care for All legislation means that we are going to be publicly reporting on quality indicators; hospitals across the province are going to be able to compare how they're doing compared to other hospitals. It will drive change, and it's change for patients that matters most to us.

**Mr. Michael Prue:** I understand about the hospitals; I'm trying to focus on long-term-care facilities.

The Toronto Star today is reporting again on a horrendous situation where people who are in long-term-care homes are potentially losing great sums of money. It's the same place they reported on where the gentleman subsequently died lying in his own feces on the floor.

Ordinary people want to look at these indicators that we have to get through freedom of information to know what kind of care is being provided in each and every home—whether there is a difference between the not-for-profit and the profit homes; whether there is care provided by nurses or PSWs or someone else. They want to know that kind of information and they want it posted. Surely families are entitled to know, before they put a parent or a loved one into those places, what level of care they can expect and whether or not there's a better level of care in one type of institution versus another. Why won't the government publish this?

**Hon. Deborah Matthews:** I think, first of all, I need to clarify that in the article in the paper that you're referring to today, it was not a long-term-care home; it was a retirement home.

**Mr. Michael Prue:** Right; excuse me, it was.

**Hon. Deborah Matthews:** And we are now moving to regulate retirement homes. Never before have retirement homes been regulated—

**Mr. Michael Prue:** I'm sorry. I shouldn't have used that as the example. You're right.

**Hon. Deborah Matthews:** Okay. So that was a retirement home.

We are reporting on outcomes. The long-term-care sector is leading the way. The Residents First initiatives are really making a difference for people, and some of

them are now reporting. Increasingly, more and more are reporting.

I attended a conference several weeks ago. I think there were over 1,000 people there from long-term-care homes across the province wanting to be part of the next wave of the Residents First program. They are absolutely convinced they can provide better care for their residents. They're very excited about the tools that are provided to those homes that are now participating.

The Ontario Health Quality Council is driving this change in long-term care for the very reasons that you have mentioned. When people go into long-term care, their family members need to have confidence that those residents are getting the very best possible care. We now know how to measure quality of care in long-term care. We are measuring outcomes. We used to have a system where we measured inputs as opposed to outcomes. We're really focusing now on outcomes. How are people doing? How's their health? How's their physical health? How's their mental health? What is their level of involvement in social programs and so on within the home? We've got a lot to be proud of when it comes to quality indicators in our long-term-care homes.

I know you want to divide the homes into their governance structure and so on. That is not how we collect information. As far as we're concerned, every long-term-care home in the province has to be held to the same very high standards. It doesn't matter what their governance model is; what matters is people who are living there get the care they need. That's what matters to us. That's how we collect the information.

So to go back to your question about what's posted and what's not, what we're publicly reporting on now are quality outcome indicators.

**Mr. Michael Prue:** And you're right, because when we went through freedom of information, the data released to us in the report from June 2009 for the period to December 2007 show that residents in for-profit nursing homes have consistently received, on average, the least amount of care, though ministry reports show that such residents, on average, have the highest care needs. We're very concerned. You may not be concerned about the governance model, but we are concerned that people in for-profit homes are not getting the same level of care as in not-for-profit homes.

What inquiries has the ministry undertaken to determine why this inconsistency exists? You don't care about the governance model, obviously, but why is there an inconsistency in care between for-profit and not-for-profit, with one being demonstrably worse, using the government's own statistics?

**Hon. Deborah Matthews:** I think it's fair to say that different researchers have come to different conclusions on that issue. I wonder if you're advocating that we move away from a mixed model when it comes to long-term care, that your position is that all long-term-care homes should be not-for-profits. That would be enormously disruptive to the long-term-care sector.



What we're trying to do is expand capacity. We're also trying to improve quality. As I said earlier, what's vitally important is high-quality care based on outcomes for patients. That's what we need to follow, because at the end of the day, that's what matters. What matters is how people are doing and the kind of care they are getting. Those homes that are not providing high-quality care will have no choice but to improve the quality.

I expect that you're familiar with Shirlee Sharkey's report on long-term care. Her advice, and the advice of her experts, was that the focus on outcomes was the way to go, because—as you well know—focusing on inputs doesn't tell the whole story. So we think the most improvement can be made by focusing on outcomes. That's what matters to people.

**Mr. Michael Prue:** We think that the most improvement can be made not by shutting down the for-profits, but by making sure that the government halts further expansion until this bridge is gapped, so that the for-profits know that they have to measure up to the same standards as not-for-profits. All of our residents, no matter where they end up in their old age, deserve the same level of care, and the level of care in the for-profit sector, according to government statistics, does not measure up. We wonder why the government is expanding into that sector when the outcomes are not as favourable as if you went the other way.

I don't mind the for-profit sector. I'm not going to rail against them here, but I am going to say that if they're not delivering the same quality of service, why are we spending money to expand them?

**Hon. Deborah Matthews:** I couldn't agree with you more that all long-term-care homes in the province, regardless of their governance model, should be held to the very highest standard. That is exactly what we are doing. As we now measure quality on the basis of outcomes, we will be able to make changes where necessary.

I'm going to actually ask the deputy to speak to the issue. He's got some numbers here that I'm sure you'd be interested in.

**Mr. Saïd Rafi:** I'm not sure what information you're referencing, but I think in the responses to the questions last year, we did table the number of paid hours by type of professional, by type of home—charitable, municipal, nursing home and nursing home for-profit—and that information appears to indicate that there's a 0.01 hour per day total difference, or 0.1, depending on which type of category you look at.

In addition to the quality point that's been made, I think the annual inspection is also something that has to be taken into consideration, with respect to what aspects each home is obligated to provide. There is no difference across models as to what their substantive quality requirements are, in terms of care management, care provision and facility management in terms of infection control and so on. So you have me at a bit of a disadvantage if you're quoting those numbers, but I was just reflecting on the information that was provided from the questions from last year.

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**Mr. Michael Prue:** But again, what we are looking at is actual care levels, not the hours paid, because we think that that's somewhat different.

In any event, what steps is the government taking to ensure that care levels at each home are increased at least proportionally to average increases in resident care need? The data that we have from 2004 to 2007 show that care hours did not increase as much as increase in care needs.

**Hon. Deborah Matthews:** I would be more than happy to take a look at what it is you're referring to, because I'm not quite sure what it is.

**Mr. Michael Prue:** I will have our researchers give that to you.

**Hon. Deborah Matthews:** That would be excellent.

We've actually come a long way when it comes to determining the acuity levels of people in long-term-care homes. There's now a standardized assessment tool to determine the level of needs of any individual patient or resident in a long-term-care home. That assessment is done, and funding does depend on that level of care.

What we do know is that as we are increasingly successful in keeping people home as long as possible—because that very much is our focus right now, to increase the supports in the community so people can stay at home as long as they possibly can—that will have an impact on the long-term-care sector. Right now, we know that a significant number of people are in long-term care who don't really need to be there and who, with the right supports, could have stayed at home. Going forward, we want to support people in their home and, in some rare cases, bring people back home. There are examples of people moving from long-term care back into the community. As we strengthen our community supports, that also, of course, means that people in long-term-care homes will have greater needs, and we need to really keep on top of that to ensure that we respond accordingly.

**Mr. Michael Prue:** How much time do I have, Mr. Chair?

**The Chair (Mr. Garfield Dunlop):** You have just a little under two minutes.

**Mr. Michael Prue:** Okay. What is the current average wait time for admission to a long-term-care home from each of the different priority groups and how do these times compare to 12 months ago when we last asked these questions?

**Hon. Deborah Matthews:** We will endeavour to get you that information. As you know, the Ontario Health Quality Council does report, by LHIN I believe, on wait times, based on different levels of need, as I recall.

**Mr. Michael Prue:** Are the numbers going up or down?

**Hon. Deborah Matthews:** The numbers—

**Mr. Michael Prue:** The wait times, are they going up or down?

**Hon. Deborah Matthews:** The wait times are going up in most but not all LHINs, as I understand. That is why we're redoubling our efforts to keep people home as long as possible.

You know that we have a significant ALC challenge in our hospitals now where approximately 17% of our hospital acute care beds are occupied by people who should not be in hospital, who should be in the community, should be supported at home or should be in long-term care. That's an unacceptably high rate, and we're working very hard to get that rate down.

There's a lot of change right now happening in the system as we work hard to get the ALC rates down, which, of course, then impacts our emergency department wait times, and as we build community supports and increase capacity in long-term care.

**Mr. Michael Prue:** With respect, I've heard this same thing said by the government for as long as I've been here, which is nine years. I've heard these exact same things being said. What has the government done? This isn't a new phenomenon. Anybody who studies populations and changes and aging knows that this is happening and is going to increasingly happen with boomers as they get older. Why has the government been so slow to act on what everybody knows needs to be done?

**The Chair (Mr. Garfield Dunlop):** I think she'll have to respond in the next round, Mr. Prue.

**Mr. Michael Prue:** Jeez, I think that was a good question.

**The Chair (Mr. Garfield Dunlop):** It's a good question, and she can start out her round on that.

We'll go now to the government members. Mr. Flynn.

**Mr. Kevin Daniel Flynn:** Minister, in response to, I think it was, Mr. Clark's question you were answering, you were saying that if you were to look at the infrastructure deficit that was inherited at 2003, it was quite significant, and it probably didn't present itself any more strongly than in some of the growth areas. I think of the areas where I lived, perhaps in Oakville, Burlington, Milton: Those areas were experiencing huge population increases. I think a level of strategic management attempted to be brought to bear on this, and the system was designed organizationally to try to meet those needs in a way that was done in a systematic way.

In Oakville, in my own community, for example, we're in the latest stages of the RFP process, where we hope to see the award of a brand new hospital—built just outside my riding. I might note, in the member of the opposition's riding—but it certainly will serve my community, I think, in a way that should be done.

I've taken a tour of the Guelph hospital, for example, as chair of the Select Committee on Mental Health and Addictions. I was tremendously impressed with the emergency room department at Guelph General Hospital. I've taken a tour of Joe Brant hospital in Burlington on a number of occasions because some of my constituents actually use Joe Brant.

The Milton hospital, for example: I've taken quite a note of that as well because it's a neighbouring community. My 18 years on council gave me a sense that when that community went through the growth period it went through, there were going to be some substantial health care needs.

Some may use stunts and political theatre to get what they want. I think others have taken a different approach to securing the health needs for their province and have tried to do it in a systematic way that relates to demand and the needs. But what most people feel, I think, when they go to the hospital—one of the things where they interact with the local hospital or teaching hospital is when they're going in for surgery. That's one of the most important things, I think. That's where they look to their hospital as a place where they're going to get some serious or perhaps day surgery performed on them.

In the past, I know we didn't measure the wait times. I guess it was just a matter of trying to do the best you could. We've started to, as I understand it now, apply that metric to the provision of surgery for people. We've heard that Ontario now is starting to lead the country in the way that it approaches this and, in fact, in some of the results. There's more to be done. Still, obviously people want the shortest amount of wait time possible. When you go to the doctor and he or she tells you you need surgery, you want that done as soon as possible.

What things have you put in place that would drive down those wait times? What things do you think we're going to have to continue to do to continue to make the progress we're seeing in wait times?

**Hon. Deborah Matthews:** I think that one of the proudest achievements of our government has been our success in bringing down wait times. You might recall, back in 2003, that all elected people from all parties heard terrible stories about people waiting for surgery. I remember vividly a couple coming to my constituency office, an elderly couple. Clearly, they cared for one another and loved each other very much. They were both in tears and then, of course, I was in tears as well, listening to the story. The woman had been waiting for hip replacement surgery for two years. She was in agony. She was taking pain medication that was damaging her stomach, so now she had another set of problems related to her ability to eat. They were at their wits' ends because they couldn't get access to surgery in a way that was even remotely acceptable.

At that time, we did not measure wait times. What we have done as a government is, we started to measure wait times; we defined wait times. What we used to have was that every specialist had their own list, a paper-based list. We did not aggregate that list. We heard anecdotally about somebody having a longer list than somebody else, but it was all word of mouth. Now, what we have, we measure; we publicly report, by hospital. We started with five procedures; we now list all the surgical procedures and diagnostic testing procedures that are done. They are listed by hospital. So we have brought wait times down dramatically.

**0950**

I had a look just last week at the top 10 improvements, and Sudbury Regional Hospital has brought knee replacement surgery wait times down by 773 days. That's a two-year reduction in wait times for people who need that procedure in order to get on with their lives.



We've done it by making strategic investments. The only reason we've been able to bring those wait times down is by paying for more procedures, and that's exactly what we've done. People can now go online to [ontario.ca/healthcareoptions](http://ontario.ca/healthcareoptions). I actually would suggest everybody do that. You can see now the wait times for different procedures in your community, and you can compare to other communities. So if you want to go elsewhere, you can talk to your doctor and get a referral to a place that has a shorter wait time. This is very empowering for people. It gives them ownership over their health care.

We are continuing to bring down wait times, but we've actually met targets in almost all of the surgical areas in almost all of the LHINs. We still have challenges when it comes to diagnostic imaging, so we are continuing to make strategic investments to bring down those wait times.

What we've done in seven years is gone from knowing virtually nothing other than anecdotal information about wait times to now where we measure, we publicly report, and we make strategic investments to bring down those wait times down. We're continuing to monitor to see where we need to continue making strategic investments to bring them down, and, as I say, also giving people the ability to see what those wait times are, because they do vary across the province and people can get the care they need more quickly.

**Mr. Kevin Daniel Flynn:** I mentioned earlier how impressed I was when we did the visit to the Guelph hospital emergency room. I was really impressed, especially with the way they approach mental health issues, where you sort of go in the front door, and if it's a physical ailment, you turn left, and if it's a mental health issue, you turn right and you get the service you need fairly quickly. My own hospital in Oakville I think provides the best it can do when it comes to emergency room waits.

Often when there's a condition or an illness that's going to require surgery, there's a chance to plan for that: It's a symptom, it's a visit to the doctor, it's a visit to the specialist and then it's a plan for surgery. Emergency room visits come up out of the blue, hence their name: emergencies. It's somewhere you've got to get to quickly. Sometimes it's the only place you can get to quickly, and it's a part of your life that you haven't planned for. Often it becomes a source of the most frustration. People say, "I went to emergency the other day. I hadn't planned on going to emergency and I ended up spending four hours" or "I ended up spending six hours there."

In the past, I understand, we didn't measure that. In the past, it was just, you got in there, you got in line and the doctors and nurses did the best they could to triage you based on priority, based on your need, but there was a wide variation. Some emergency rooms seemed to have a good reputation; others seemed to have a very low reputation. Sometimes that was maybe unfair, depending on the patient load in that geographic area, but it was

something where, in the past, there was no measurement applied to it at all.

Is it possible to apply the same metric that you apply to surgeries to emergency room waits? If it is possible, how effective is that in us being able to understand whether that particular institution is doing the best it can in the provision of emergency services?

**Hon. Deborah Matthews:** We started our wait-time strategy with five procedures, and then we dramatically expanded the list. Then we turned our attention to emergency departments. The people in the health care sector tell us that that was a very brave thing to do, because the emergency department is where all of the problems in health care manifest themselves. Tackling emergency department wait times really does require us to look at the whole system of health care but that's what we did, and we set targets. Four hours is our target. We want 90% of people coming with relatively minor conditions to be in and out within four hours. More complex people, we want them in and out of the emergency department, whether it's back home or whether it's admitted to hospital, within eight hours. So we've set the targets. We've supported hospitals making significant changes to how they deal with the patient flow within emergency departments to really see some good results. We aren't at our target yet, but we are making significant progress toward our target. We've had an 8.3% improvement in time spent by those minor, uncomplicated patients. We've seen almost 20% improvement in the time spent for the more complicated cases. Now, as of July, we have 83% of complex people meeting that eight-hour target and 87% of the minor or uncomplicated meeting the four-hour target.

I want to be really clear: We actually measure length of stay in emergency departments. It's from the time you arrive to the time you leave and, of course, that includes all the treatment time. It's not really how much you're waiting for care; it's how much that whole period of care takes.

We're seeing significant improvements. Many of the hospitals have gone through ED PIP, the process improvement plan, where the people who work in the emergency departments are actually tasked with easing the flow of patients so they get their diagnostic results more quickly. A number of different techniques are being used in different hospitals but it's showing results. I think you're absolutely right. People want to know how long they should expect to wait.

Having said that, emergency departments are there to serve those real emergencies. Part of what we are doing is actually encouraging people to go elsewhere, not to the emergency department unless they need to go to the emergency department. Part of this website, [ontario.ca/healthcareoptions](http://ontario.ca/healthcareoptions), actually gives you information about what other options are in your neighbourhood, so where might you go, for example, for an x-ray, where might you go to have stitches. It was actually interesting: When I looked in my own neighbourhood in London, I was surprised by how many other options there were that I

wasn't aware of. I think all of us might be surprised at what options there are. What we're hoping is that, as people become more aware of this website, they will go there to check what options are available before they go to the emergency department.

**Mr. Kevin Daniel Flynn:** How much time do I have?

**The Chair (Mr. Garfield Dunlop):** You've got about six minutes left.

**Mr. Kevin Daniel Flynn:** Good. That should work then.

I went through a personal experience with a family member who actually ended up on a stretcher for a couple of days in emergency. We were upset about that as a family, obviously, until we realized the stretcher was right in front of the nursing station and he probably had the best spot in the hospital, so we didn't overly complain about that. What appeared to be happening—and this was in a different hospital outside my own community, but I think the same can be said for many of the hospitals in our community—is that people get into the alternate-level-of-care beds and then it's time to move out or move on and there often isn't a place that's available to meet the specific needs of that person. When you look at a hospital as being essentially a building—we look at it as an institution. People come in the one door and they go out the other door, and the idea is that you leave in much better condition than you came in. It's the intent, obviously. People can't get into emergency, can't get into admitting unless we've got a system that allows people to leave at the other end to go on to live the rest of their lives. Often that involves going into long-term care; often it involves hospital in the home.

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We went through a situation in my own community of Oakville where we were going through what I think a lot of hospitals were feeling, and that is that we were having a tough time finding placements for those people who were ready to leave the hospital. My understanding is that, at one point, the metric would have measured that about 24% of the beds on the fourth floor at Oakville Trafalgar Memorial Hospital were occupied by patients who could have been taken care of in the community or in the home. As a result of some of the work that's being done by Oakville—that I understand has become a bit of a best practice around the province, an example of what you can do—they were able to reduce that 24% down to single digits, into I think about 6%, by using “hospital in the home,” sending the supports home with the people at the right time—the right care at the right time in the right place, which was not necessarily always on the fourth floor, occupying a hospital bed. As a result of that, other things in the hospital obviously began to change. As you freed up those beds, it was much easier to get into emergency and be seen in proper conditions.

What type of investments, though, are necessary? That's obviously a change in the way you approach things. What sorts of investments are going to be necessary to provide that care in the home that goes home with the people? Is it more expensive than long-term care? Is

it more efficient? Obviously, people prefer to be at home rather than in a hospital. I think we all understand that. What change is it going to take in the ministry to allow that to happen throughout the province?

**Hon. Deborah Matthews:** You've put your finger on one of the real conundrums, I guess, in health care, because what we have still—and we're getting better. But what we still have is a situation where we have too many people who are getting the most expensive care—that is, care in a hospital—but it's actually making them worse, not better, because we know that when people stay in a hospital longer than they need to, their condition actually starts to decline. This is especially true with elderly people. They're not getting what they need, and it's at a greater cost to the system than if they were getting those supports at home.

We've made a very significant investment in our aging at home strategy that's all about providing people with supports at home to prevent them coming into emergency in the first place. And the discharge planning has to start as soon as they arrive at the hospital, right? So we're providing better supports to get them back home as quickly as possible.

One of the successful strategies has been the use of revitalization beds or assess-restore beds, where people who don't need to be in a hospital but still need care can move to a different kind of place where they're up and walking, making sure that they're getting active again before they go home. We're finding that with the right supports, there are a lot of people who can actually be at home, which is where they want to be. This is the job of the LHINs, in concert and in collaboration with all of the other supports in a community.

With this ALC issue, the problem is in the hospitals, but the solution is actually in the community. It's the job of the CCACs and the LHINs, working together with long-term care, everybody working together, to actually provide supports for people. It's about making strategic investments to support programs like Home at Last, Home First, the variety of programs in different parts of the province that really are having outstanding results. We need to continue to strengthen the supports in the community, be it supportive housing or hospice or the range of supports.

**The Chair (Mr. Garfield Dunlop):** Okay, that pretty well cleans up your time in that round. We'll now go to the official opposition. Mr. Clark?

**Mr. Steve Clark:** Minister, on page 11 of the Auditor General's report—“Figure 2: Procurement Method and Approval Levels Required by the Directive as of July 2009”—I'd just like to have your comments on whether you think that's a very clear method of approval for contracts. Is it pretty straightforward, in your opinion?

**Hon. Deborah Matthews:** Could you repeat that? I'm sorry, I was searching for my glasses.

**Mr. Steve Clark:** It's page 11. It's at the top of page 11. It's “Figure 2: Procurement Method and Approval Levels Required by the Directive as of July 2009.”

**Hon. Deborah Matthews:** And you're asking me?



**Mr. Steve Clark:** I'm just asking if you think that's a pretty clear directive to follow. To me it looks pretty straightforward, laid out well.

**Hon. Deborah Matthews:** Yes, I would say this is pretty straightforward. This is the July 2009 directive?

**Mr. Steve Clark:** Yes. So, I guess when I'm looking, after the July 2009 directive, at page 12 of the Auditor General's report, it does indicate that "the ministry had used a non-competitive, single-source procurement method for about 80% of consulting contracts under \$25,000 and 15% of contracts greater than \$25,000 in the fiscal year preceding the July 2009 directive." It goes on further on page 12, Minister, to say, "In contrast, from July 2009 to March 31, 2010, ministry records indicate that it did not hire any consultants using single-source procurement."

It appears that, just as you said—it's very well laid out. It's easy to follow. It shouldn't be confusing to anyone, yet when I start looking at the numbers and the two cases specifically that didn't follow the directive, I guess it just, again, gives me cause to ask a few more questions.

I want to go back to the two cases that we talked about earlier this morning. One in particular, the third stage of the contract, the consultant submitted a high bid—\$819,000. So it was an open, competitive bid which was less than \$1 million. Is that your understanding? Am I reading that correctly?

**Hon. Deborah Matthews:** It appears that way, yes.

**Mr. Steve Clark:** Okay. So when we go through the following steps—because a lot of this took place immediately after the directive. It's not like the process started before. When you read the Auditor General's report, we're talking about one month after the July 2009 directive. So we're not looking at a year later; we're not looking at six months later. Immediately after the very clear directive, ministry staff decided to negotiate—and my comment to you is that it looks, given the symbols, just very coincidental that some of these numbers are what they are, because under this directive you and the deputy aren't involved in that process. I just wondered if you had any comment on the coincidence with the numbers and the fact that, in some cases, it's just off of your and your deputy's approval level.

**Hon. Deborah Matthews:** So is your suggestion, then, that the minister sign off—

**Mr. Steve Clark:** No, I'm just asking a question. You look at the second one, the pharmaceutical contract. "In May 2009, the ministry awarded a single-sourced contract for \$749,000 to a consultant to undertake a review of the pharmaceutical sector." If the increase took place and it was more than \$750,000, then you and the deputy would be involved.

**Hon. Deborah Matthews:** Yes.

**Mr. Steve Clark:** So I'm looking at some of these figures in this Auditor General's report. It was a month after. I can't understand: When you read the report and talk about the clarity that needed to be done by staff, the discussions you needed to take to make sure that staff follow the July 2009 directive, isn't it troubling that a

month after the directive things were already starting to get off the rails?

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**Hon. Deborah Matthews:** It is absolutely troubling, and that is why the deputy has put in place procedures that would have prevented this from having happened.

**Mr. Steve Clark:** So what procedures were put in place a month after the directive?

**Mr. Saïd Rafi:** They took effect after my arrival. When I got there, I changed these authorities. So this is what Management Board of Cabinet requires, effective July 2009. We actually reduced some of these thresholds such that it made them, I would say, more stringent and tighter.

I would agree: I think it is unfortunate that a contract was awarded one or two months after the change in directive. I don't know when the procurement process for these two contracts began. I don't mean that to sound like an excuse, but I just don't know.

Yes, absolutely, if today an individual wants to undertake a single-source contract, one isn't able to. Unless someone's flagrantly trying to break the rules, one isn't able to undertake a consultant contract without these thresholds and even stronger thresholds in place at the ministry.

Nothing is bulletproof, as I think you well know, but the timing of these projects is right on the heels of the change of the directives. I would share your concern in that it is unfortunate, but one of the things that I lent my attention to first and foremost was to address these delegated authorities.

**Mr. Steve Clark:** But again, you go through the process where you had the original directives—I think it was in November 2007, the first set that this July 2009 set superseded. Is that correct?

**Mr. Saïd Rafi:** I'm sorry, could you repeat that part?

**Mr. Steve Clark:** There were some directives—was it November 2007 first?

**Mr. Saïd Rafi:** There were directives. There have always been directives in place, yes.

**Mr. Steve Clark:** No, but the ones in July changed significantly the directives that were laid in November 2007.

**Mr. Saïd Rafi:** They did make changes, yes.

**Mr. Steve Clark:** I guess I'm trying to figure out, Minister—as I said before, we went down this road with eHealth, and there were the same assurances you gave this morning that it wasn't going to happen again. To me, I just can't understand how, when you have a directive laid out in July 2009, immediately you could have deviations off that directive. It was within a month.

**Hon. Deborah Matthews:** I'm going to ask Assistant Deputy Minister Ruth Hawkins to come and join the table—if you don't mind, Ruth—just to speak in more detail about the new centralized process that is in place to ensure that proper protocols are followed.

**Mr. Steve Clark:** I know you've put this process in place. But, Minister, it's a month. It was an immediate deviation from that directive.

**Hon. Deborah Matthews:** Before I ask Ruth to explain what has been put in place, I think, in fairness, if you look at page 11, there is a section called “Compliance with the Directive.” The Auditor General himself says—this is the internal audit; I’m sorry. I’m just going to read this into the record:

“The internal auditors concluded that the ministry had complied with many elements of the directive. Specifically, they noted that in the majority of files reviewed:

“Ministry program areas had appropriately justified the acquisition of consultants, assessed the available resources, and sought prior approvals.

“Signed written contracts were in place with acquired consultants, with the exception of two instances of single-source procurement of services totalling approximately \$573,000.

“The appropriate procurement method had been used for the type and value of the procurement.

“Proper approval had been obtained for subsequent amendments to extend the contract and increase its value.”

So, yes, there are two cases that the Auditor General refers to, but I think it’s important to note that we really have come a long way.

I’m going to now ask Ruth to explain the process in place to ensure proper procurement.

**Mr. Steve Clark:** Just before you do that, can you read into the record—I know you said “two instances of single-source procurement of services totalling approximately \$573,000.” Can you do a split of what those two contracts were?

**Hon. Deborah Matthews:** I don’t have that information immediately. We’ll search to see if it’s here.

**Mr. Saâd Rafi:** Mr. Clark, excuse me. I didn’t get the reference—

**Mr. Steve Clark:** The minister read into the record, from page 11, “Signed written contracts were in place with acquired consultants, with the exception of two instances of single-source procurement of services totalling approximately \$573,000.” I just ask that you read into the record what each—

**Hon. Deborah Matthews:** We can’t read it into the record if it’s not here.

**Mr. Saâd Rafi:** I don’t have it at my fingertips.

**Mr. Steve Clark:** Can you get the information?

**Mr. Saâd Rafi:** We’ll try. I’ll have to consult with the auditor as to what he looked at and our own internal audit people, but I’m pretty sure we can, yes.

**Mr. Steve Clark:** Because just to let you know, to go back above that page, in the non-competitive July 2009 procurement, any non-competitive contract less than half a million dollars needs the deputy’s and the minister’s approval.

**Hon. Deborah Matthews:** So your question is, did either one of them meet the \$500,000 threshold?

**Mr. Steve Clark:** Well—

**Mr. Saâd Rafi:** I think this—pardon.

**Hon. Deborah Matthews:** Go ahead.

**Mr. Saâd Rafi:** I will verify this, but I think this internal audit report reflects the activities against the 2007 directive. It’s just a point of clarification. I’ll endeavour to get that information for you—

**Mr. Steve Clark:** But you can see my point. If it’s clear that you’ve got two that total just over half a million dollars, I just want to find out whether one of them was under \$500,000, because based on this July 2009 directive, the offices of minister and deputy minister were the levels of approval.

**Hon. Deborah Matthews:** We’ll get you the information if we can but just want to note that the November 2007 directive was in place at the time of these contracts. We’ll check and get that clarity if we can.

Maybe, assistant deputy, if you could just speak to the—

**Ms. Ruth Hawkins:** I’m Ruth Hawkins; I’m the chief administrative officer with the Ministry of Health and Long-Term Care. Just further to what the minister and deputy minister referred to, we have certainly put in place very strengthened ministry delegations of authority. We have centralized the management and communication of those delegations as well.

Further, we have taken a step that we’re hoping will be very beneficial, and that is that starting in April of this year we centralized all of our procurement activities and we’re calling it the end-to-end procurement process, whereby there is a group of individuals who will be assisting the staff within the ministry in terms of the procurement activities that will be taking place. That same group, in addition, is also responsible for the training. That is a training activity that will continue, as it is not something that you do once over and hope that you never have to do it again. It is something that we will be doing and continue to do on a continuous basis.

Thirdly, we have also put in place strong transfer payment protocols. Those particular protocols are also put in place, and we have extensive training as it relates to those protocols.

Lastly, we have also centralized our processing such that we are segregating both the spending and payment authority. That is also a further check in terms of any payment activities that take place.

**The Chair (Mr. Garfield Dunlop):** Mr. Clark?

**Mr. Steve Clark:** Again, Minister, I’m having real difficulty with talking about what happened with the two contracts as opposed to what’s moving forward. It’s troubling that we can’t seem to get to the crux of the matter. I just can’t believe that you can’t provide the committee with a little more information on what happened from July 2009 to a month later, when clearly, this was off the rails.

**The Chair (Mr. Garfield Dunlop):** There are four minutes left in this round, by the way.

**Hon. Deborah Matthews:** I have to say I’m having a bit of difficulty as well understanding—well, actually, I have no difficulty at all in understanding where you’re coming from. But if you read the report as a whole, and I think we owe it to the Auditor General to read the report



as a whole, the Auditor General has said that, generally speaking, the ministry has been in compliance, but he does highlight some areas where we need to improve, and where I think you have heard that we have improved.

No one here is suggesting that there wasn't room for improvement; there was room for improvement, and that's why we have put in place those improvements. Now, I suspect that in future years the Minister of Health will be sitting here at estimates and there will be further improvement required. That's part of the nature of a large organization like the government of Ontario, like the Ministry of Health and Long-Term Care: We will always be looking for ways to improve.

What the Auditor General has laid out and, I'll repeat, what he has said is that his review of a sample consultant services engagements from April 2009 to February 2010, keeping in mind that July 2009 was when the directive came down, confirmed that the ministry was, for the most part, complying with the requirements. Let me repeat: The Auditor General says that the ministry was, for the most part, complying with the requirements.

I don't know what information you have that the Auditor General didn't have to come to the conclusion that you appear to have come to. What I can tell you is, the Auditor General pointed out places that we need to improve. We take that responsibility very seriously. We have put in place—and actually put in place processes prior to the Auditor General's report to strengthen our procurement system. We have introduced legislation, which I understand you are not supporting, that will broaden accountability to the broader public sector. That's movement in the right direction. We are getting better, we are getting stronger, and we will continue to improve as long as we're in government. I can assure you of that.

I don't quite understand what information you don't have that you need to have. If you can give me the questions you are looking for answers to, we will do our best to find those answers. But overall, the Auditor General, an officer of the Legislature, has said that for the most part, the ministry was complying with the requirements. I take some comfort in that. Having said that, the Auditor General does point out areas where we need to do better, and we have put in place those protocols. As you have heard from Ruth Hawkins and from the deputy, we have put in place, I would say, a process that far exceeds the recommendation of the Auditor General.

**The Chair (Mr. Garfield Dunlop):** That will conclude our time this morning. Thank you very much to everyone in the committee. Minister, thank you and the staff. We'll recess until 3:45 this afternoon.

*The committee recessed from 1024 to 1545.*

**The Chair (Mr. Garfield Dunlop):** We have a quorum here, it's 3:45 and we did want to try to finish up this afternoon. Because we would have about another 12 minutes left over at the end of the session and we didn't want you to have to come back here for 12 minutes, your government members have agreed to give up about six minutes in each round.

Because the NDP is not here, we'll go back to them after. But we'll start with Ms. Sandals. If you can carry it forward, we'll take the first 14 minutes, then.

**Mrs. Liz Sandals:** Okay, great. I wanted to talk a bit about nurses, if I may, Minister, because we often talk about doctors, but in fact, it's often the nurses that are providing the care. In so many settings, it's the nurses that are really, really crucial. It doesn't really matter whether it's a hospital or long-term care or home care, all sorts of forms of community care are now with nurse practitioners taking a larger role. It's often in the emergency room or nurse-practitioner-led clinics—they play the lead role there, but they have a really valuable role in family health teams.

I know that after the previous government, where they seemed to manage to lose 6,000 nurses, one of our key promises has really been to nurture the role of nurses and to make sure that there are more nurses in the health care system. I wonder if you could explain a bit about how that initiative to get more nurses in the system has been going.

**Hon. Deborah Matthews:** Thanks very much for the question, and it is a very important one. We often say that nurses are the backbone of our health care system, and I really do believe that while everybody has a very important role to play, we really do lean on our nurses to provide that essential care.

You're quite right: When we came to government, there had been some serious problems with nurses being laid off, and we didn't have enough nurses. Of the nurses that we did have, too many were working part-time, often in several different hospitals. I think that really came to light during SARS, when we actually, at a system level, started to see the impact of having nurses working shifts in different hospitals.

We actually have created over 10,700 nursing spots in Ontario since 2003, and 1,200 in the last year alone. So even though we're facing some very difficult financial constraints, we're still hiring more nurses.

**1550**

There's been some confusion over whether or not there have been nursing positions lost. The reality is that what we're counting is actual net new nursing positions. Sometimes, if there's a reorganization, layoff notices are given—it's a contractual obligation—but those do not, most often, result in a nurse actually losing a job. There are hundreds of job vacancies for nurses right now. Nurses are in high demand.

You might be interested to know where those 10,700 nurses are: 5,000 of them are in hospitals—5,000 more nurses; 3,100 more nurses in long-term-care homes—3,100 more in long-term care; 900 in community settings; 1,600 in family health care; and 200 more nurses in public health. There are a lot more nurses working.

One of the important innovations in Ontario: We're one of the very few jurisdictions in the whole world to guarantee new nursing graduates a full-time job. It's our nursing graduate guarantee fund. That has actually impacted 9,000 new nursing graduates since we took over.

Another area that is really encouraging is the practice of nurse practitioners practising in Ontario. As you say, they are working in many different settings. They are working in hospitals and in family practice. They are now operating nurse-practitioner-led clinics. The first one in Sudbury has registered close to 2,000 people in the first year of operation who did not before have access to family care—nearly 2,000. I recently opened one in Thunder Bay. As soon as word got out that there was a new primary health care team in place, the phones started ringing. They will have no trouble filling their complement of patients. We've got 11 new clinics in the process of opening. We're committed to opening 25, and we've announced those 25 locations. We're excited about the opportunities for nurse practitioners.

Another area that we really turned our attention to was the percentage of nurses working full-time. We're shooting for 70%. That's what nurses tell us they think the number should be. We've gone from just under 50% to 64%. We're making good progress in getting more nurses full-time work, and that's the work they want.

We're also working to retain nurses. We've invested \$40 million in the nursing retention fund. We've got a late career initiative. At every stage of a nurse's career, we've got something going on to keep them working.

You might remember it wasn't very long ago when nurses were heading south of the border. They'd get their training here. We know the best nurses in the world are Ontario nurses. That was a secret that we weren't able to keep to ourselves, so other jurisdictions actively recruited nursing graduates from Ontario.

Now what we're doing is really putting supports in place. We treasure those nurses. We want them to stay in Ontario. We want them to work as many years as they can. That's why the late career initiative has been wonderful: because 12,000 nurses have been able to benefit from that. What that is—part of their time is spent actually doing research and bringing best practices into their organizations, and part of the time is still spent doing front-line nursing, but the nurses whom I've spoken to who've participated in the late career initiative find it enormously rewarding.

The other thing we're doing: When we came into office, we had a serious problem with nurses being injured on the job—back injuries and so on. That was part of the reason why they weren't practising as long as we'd like them to practise. One of the things we did is we funded new bed lifts in hospitals and in long-term-care homes—19,000 bed lifts—to reduce the wear and tear, that physical challenge of nurses.

I think we've done a good job with nurses, but we still have more to do.

**Mrs. Liz Sandals:** Thank you. I'm so glad you mentioned the collective agreement aspect of it. As you know, I come from the school board sector. School board collective agreements—when teachers are surplus to a school, the student population in a school is going down, they're declared surplus to the school. It's right in the

collective agreement, how you move them from one school to another school. People might well get moved, in a big board, a geographically large board, to a school that's an hour away, but there's no issue around layoffs. So I was quite dumbfounded the first time my local hospital CEO came and said, "We're doing some reorganization at the hospital. This is going to be smaller and these two sections are going to be bigger, and everybody will get transferred," and the next thing I discovered in the newspaper was, "Layoffs at Local Hospital." When I checked it out, it was this business of, "According to the collective agreement, they have to be laid off," but of course they all got hired back five minutes after they'd been laid off, and they just moved to a different floor.

I think that's really very confusing for the public, to wrap their head around the fact that you get laid off because you're getting transferred from one floor to another floor. I'm glad that you explained that.

Where are we at on time, Garfield? Chair? Where are we at on time?

**The Chair (Mr. Garfield Dunlop):** You've got another five minutes.

**Mrs. Liz Sandals:** Let's leave that, and we'll put it on the next round, given that we're giving some time up, okay?

**The Chair (Mr. Garfield Dunlop):** Okay, thank you.

**Mrs. Liz Sandals:** So put that on the next round.

**The Chair (Mr. Garfield Dunlop):** Okay, that's good. I'll keep an eye on that for you.

We now go to Mr. Hampton of the third party. We jumped ahead of you when you weren't here. Go ahead. You have 20 minutes.

**Mr. Howard Hampton:** I understand Mr. Prue asked some questions earlier in the day, so I want to ask some questions as follow-ons to those. What steps is the government taking to ensure that care levels at each home are increased at least proportionately to average increases in resident care need? The data from 2004 to 2007 shows that care hours did not increase as much as care needs increased.

**Hon. Deborah Matthews:** Let me carry on from this morning, then. We now have a way of quantifying the need of residents in long-term-care homes. It's called a MAPLe score. It's a measure that determines, "How much care does this person need? What are their abilities and where are they going to need some help, getting on?" We now measure the acuity of the residents and we do fund each home in accordance with the combined acuity of the people who live in those long-term-care homes.

We are very much focused on improving the quality of care in our long-term-care homes. When we talk about quality of care in long-term-care homes, we're really talking about metrics that would matter to the residents and to the family members of those residents: How are they doing? Are they eating well? Are they involved in activities? What's their mobility? Are they able to feed themselves and so on?

We actually are now starting—this is established now. We don't have all the homes engaged in this, but we are



on our way to that. It's an initiative called Residents First. We measure outcomes for people in our long-term-care homes. We believe, and the community believes, that what really matters is the outcome: How are people doing? Are they getting pressure ulcers? Are they getting the activities and the care they need?

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It's those outcomes that matter. As I said this morning, we know that the better the job we do in keeping people home as long as possible, what that means is that the acuity levels will increase in long-term-care homes. So those who need the care in long-term care the most will get that care in a long-term-care home, but others will be able to be cared for at home.

It's something we're watching very carefully. As I say, the metrics that we're really focusing on are how the residents are doing on measures that matter to them.

**Mr. Howard Hampton:** Again, the data from 2004 to 2007 show that while the measurement of care need went up like this, the measurement of care hours did not go up proportionately.

**Hon. Deborah Matthews:** I'm not familiar with the document you're quoting there. Mr. Prue told me he would get that to me. I have not yet seen that. It would be helpful if I knew where that was coming from.

**Mr. Howard Hampton:** Are you making the case, then, that care hours have gone up proportionate to care need?

**Hon. Deborah Matthews:** What I'm saying is that we are very focused—and I think the deputy actually has some more detailed numbers here. What I'm saying is that outcomes are what we are tracking; the outcomes for patients are of utmost importance to me. So maybe if the deputy has some of the numbers, I'll hand the microphone over to him.

**Mr. Saâd Rafi:** I guess I would say that the amount of time or care hours per resident across all professional categories has increased year over year. As I mentioned to Mr. Prue, the information provided on the 2008 data compares that, as requested, against the various types of homes, whether they be for-profit, charitable, not-for-profit and municipal.

With respect to care need, again, I'm not sure how that is defined or how it's being applied. If we have a comparator, we will try to get you that comparator for 2008 information. We can certainly do that.

In terms of direct care, we did provide a fairly detailed analysis from 2004 through to 2007 in six-month increments on direct care by type of home, direct care by type of worker, so a registered nurse, an RPN—registered practical nurse—or a personal support worker, and then also provided funding across the sector by type of home.

If you combine funding with types of hours and the increase in staff, both in nursing and RPNs, as well as personal support workers, one would see from 2004 to 2008—I used the number and added a year—that has been an increased trajectory in each of those years. So more money for the workers themselves and an increase in the amount of time per resident.

**Mr. Howard Hampton:** Again I'll ask the question: Are you saying that the increase in care hours has been proportionate to the increase in care need?

**Mr. Saâd Rafi:** I personally can't answer that question for you until and unless I know how "care need" has been defined and what that metric is. I'm sorry; I'm not equipped to say yes or no to that today.

**Mr. Howard Hampton:** Okay. Is the ministry aware that for-profit nursing homes, which fall within clause 2(1)(k) and subsection 2(2) of the Public Sector Salary Disclosure Act, have not been filing annual reports?

**Hon. Deborah Matthews:** No, I'm not aware of that, and I know that it is something we'll look into. Thank you for bringing that to our attention.

**Mr. Howard Hampton:** Can you tell me why they haven't been filing reports?

**Hon. Deborah Matthews:** Let me find out.

**Mr. Saâd Rafi:** Mr. Hampton, are you suggesting that the for-profit are required and they are not? Staff are telling me that it's their understanding that the for-profits are, under the act, not required to report.

**Mr. Howard Hampton:** Our understanding is that for-profit nursing homes, which fall within clause 2(1)(k) and subsection 2(2) of the Public Sector Salary Disclosure Act, are required.

**Mr. Saâd Rafi:** Could we have the opportunity to check with finance, who manages public sector salary disclosure, as to whether that is—if you don't mind me saying this—a correct interpretation, and if it is, perhaps trying to get the answer as to why not?

**Mr. Howard Hampton:** Just assuming we're right on this, what is the remedy for those contraventions?

**Mr. Saâd Rafi:** Again, this is a Ministry of Finance responsibility. I'm not schooled in the Public Sector Salary Disclosure Act or its subsection, so I'd have to look into that and formulate a response for you.

**Mr. Howard Hampton:** Okay.

Again on long-term care, when will the Sharkey long-term care implementation committee report be released publicly?

**Mr. Saâd Rafi:** I don't know whether there was an indication of a public release of the report. Again, I'd have to go back to when the announcement was made—or the appointment, I should say, of Ms. Sharkey, on that report—to determine whether there is an intention to have a public release. So again, I need to get back to you.

**Hon. Deborah Matthews:** What I would like to say, though, is that our commitment to long-term care—our record speaks for itself. We've increased funding by over \$1 billion. We've increased funding by 68% when it comes to long-term care. In this past year alone, it's an increase of 7%, which, as you know, in a difficult economy is a true commitment to long-term care. We've got over 6,000 new full-time staff working. That includes 2,300 nurses. We're delivering 12 million more hours of hands-on care in our long-term-care homes.

As I say, what really does matter is that people who live in long-term-care homes are getting the care that they need and that their family members expect they will

get. That means measuring outcomes. We're measuring things that never have been measured before, and through the Ontario Health Quality Council we're publicly reporting on those outcomes.

I think that's the way of the future when it comes to long-term care. I think people deserve to have comfort when their loved ones are in a long-term-care home so that we can all sleep at night knowing that our loved ones are cared for.

I do want to really credit the work of Monique Smith when she was the parliamentary assistant to the Minister of Health. She embarked on a very thorough review of long-term-care practices. She issued a report, and that has really been our guide as we have improved the quality of care—not just the quality of care, but the access to care—in our long-term-care homes. So I do think that the work of that particular parliamentary assistant really does deserve congratulations. It has really changed the kind of care people get in long-term-care homes in the province of Ontario.

We're continuing with our work. We've opened 8,300 new beds. I was happy to be at the opening of a long-term-care home in London just a couple of weeks ago. The other thing that we're doing is, we are rebuilding the beds that exist. We still have too many homes that do not meet today's standards, and we are moving forward to redevelop 35,000 beds. I'm sure that you have been in some of those homes where the standards aren't what we would consider acceptable today, so we're moving forward to redevelop 35,000 beds in addition to adding capacity.

I think that the deputy has—

**Mr. Howard Hampton:** Former Minister Smitherman committed that the Ministry of Health and Long-Term Care would report staffing information by long-term-care home on the Ministry of Health and Long-Term Care public website. I can give you the media reports on when he committed to that. Can you tell us when that is going to begin to happen?

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**Hon. Deborah Matthews:** I don't have any information on that issue—

**Mr. Saïd Rafi:** Yeah, I'm sorry. We have provided, I think, that level of detailed information. I'll find out whether there's a plan and a date on which to post that information. I don't know.

**Mr. Howard Hampton:** I want to be very clear: The commitment was to report staffing information by long-term-care home on the Ministry of Health and Long-Term Care website.

**Hon. Deborah Matthews:** I'll undertake to take a look at that.

**Mr. Howard Hampton:** Competitive bidding: Is the moratorium on competitive bidding still in place?

**Hon. Deborah Matthews:** Yes, it is. I think it's fair to say that, as we turn our attention to improving quality of care in long-term-care homes and quality of care throughout the health care system, we need to make sure

that whatever we do is aligned with our goal of improving quality of care. So yes, that moratorium—

**Mr. Howard Hampton:** I want to be very clear: Talking about the home care sector, the moratorium on competitive bidding is still in place?

**Hon. Deborah Matthews:** Yes, it is.

**Mr. Howard Hampton:** So there have been no new contracts?

**Hon. Deborah Matthews:** Before I definitively say no, there may have been a situation where one organization got out of the business that I'm not aware of—

**Mr. Saïd Rafi:** Again, if I could ask a definitional question. Would “new contract,” in your parlance, include a renewal?

**Mr. Howard Hampton:** I would assume “moratorium” means you're not going to go down that road any further.

**Mr. Saïd Rafi:** Sorry, I'm just not sure how to answer if I'm not sure what “new contract” means. If a contract comes to expiration and it's renewed—I think just to pick up on the minister's point, it may be the case that that contract was renewed and carried on.

I think what the ministry has been trying to work with the CCAC association and CCACs individually on is to ensure that the quality and calibre of service received by home care recipients and residents throughout Ontario is of an equal calibre. I think that what we could say fairly to all service providers is that that is not the case today. Some time is being spent, and that's why the suggestion and request of CCACs not to procure or put out RFPs for new services has been kept in place.

I'm not sure, and I just don't have enough information at my fingertips to know, whether a renewal was undertaken. That's why I'm sort of probing you a bit on that.

**Mr. Howard Hampton:** Let me be very specific, then. Could we have a list of any contracts that have been granted since the moratorium was put in place?

**Hon. Deborah Matthews:** We'll take a look at that. But I do want to be clear that there are contracts that would have expired. We deal with those renewals as they come up. To the best of my knowledge, and I stand to be corrected, none of those have gone through an RFP process, but I will confirm that, that we have renewed existing contracts.

We think it's very important that we get this right. We are, as I've said, very focused on improving quality. We need to work with providers to ensure that people are getting high-quality care throughout the province. We're not going to move forward on a fair bidding process until we know that we have it right, especially in light of our commitment to quality.

**Mr. Howard Hampton:** Let me be even more specific, then. Could we get a list of any contracts that have been granted whether or not they are a renewal? Could we get a list of any contracts that have been granted?

**Hon. Deborah Matthews:** I think we understand what you're looking for, and we'll do our best to get that for you.



**Mr. Howard Hampton:** And could we get the dollar amount of each contract?

**Hon. Deborah Matthews:** Again, I will look into that request.

**Mr. Howard Hampton:** And whether the contract is with a for-profit or not-for-profit agency?

**Hon. Deborah Matthews:** Again, we will look into it. I'm not sure that we keep that information, but I'm sure there are people who could look down the list pretty quickly and see what category they might fall into.

**The Chair (Mr. Garfield Dunlop):** Two minutes left.

**Mr. Howard Hampton:** What are the current maximum amounts of care that can be approved for home care and how does the cost for those maximums compare to the cost of care in a long-term-care home? In other words, as I understand it, you do have some maximums specified for home care costs.

**Hon. Deborah Matthews:** There was a maximum of 60 hours per month. We have increased that to 90 hours per month. I believe there is no cap for people who are just coming out of hospital.

It looks like we're actually going to get something a little more detailed here.

**Mr. Saïd Rafi:** Just to verify—

**Hon. Deborah Matthews:** Just to verify; excellent. We're working hard to provide people the care they need in their home if at all possible. One way to do that is to increase those caps.

**Mr. Howard Hampton:** I want to be clear—  
*Interjections.*

**Mr. Saïd Rafi:** Sorry.

**Mr. Howard Hampton:** Do you set a monetary amount? In other words, when we're talking about maximums of care, you can measure that in hours, but you can also measure it in dollars. Do you set a dollar amount which captures maximum care?

**The Chair (Mr. Garfield Dunlop):** Try to answer this fairly quickly, deputy, if you could.

**Mr. Saïd Rafi:** I don't believe we set a per diem for home care but I will verify that—or per hour for home care. Certainly we do have a per diem for long-term care and—

**Mr. Howard Hampton:** What I'm after here is the comparison in cost.

**Mr. Saïd Rafi:** I would suggest that 24/7, 365 care as a resident in a long-term-care facility is going to be more expensive than 90 hours per month.

**Mr. Howard Hampton:** But if you look at the maximums that are afforded through home care you should be able to come up with some relative measurements. Here's the cost of home care, maximum; here's the cost in a long-term-care home.

**The Chair (Mr. Garfield Dunlop):** Okay, we'll get back to that in the next round.

Thank you very much to the third party. Now we'll go to Mrs. Elliott. We'll be joining you again just in a minute here, Mr. Hampton.

You've got 20 minutes.

**Mrs. Christine Elliott:** Good afternoon, Minister, deputy minister. I do have a series of questions on a variety of topics, so as I move from one to another I hope you'll bear with me.

I'd like to start with the 10-year health care plan if I could, please. We had an FOI asking for a copy of the 10-year health plan in June 2009 and it was indicated the plan couldn't be released because it was a cabinet document, but they did confirm that a 72-page document did exist. When we asked you about it last year, I believe you were relatively new in the portfolio and you indicated that you wanted to have time to study it. Can you advise us of where the plan sits right now and when you expect it to be released?

**Hon. Deborah Matthews:** We are actually, as you've heard over and over again, really focused on improving the quality of care in this province. We are doing that in several different ways in different sectors of the health care system. We're also absolutely committed to improving the integration of our health care system and that, of course, is a very big job that our local health integration networks are tasked with.

Another area that we're focusing on is getting back better value for the money we spend on health care, hence our reforms to generic drugs, which will save us significant amounts of money in health care that we can then invest in other areas that actually improve the health care of the people of Ontario. We're focusing on chronic diseases, including diabetes. We're also focused on improving access to primary health care and getting wait times down for various surgical procedures, diagnostic tests and now emergency departments. So there are significant strategic initiatives in the ministry.

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You've heard me talk about the importance of making sure people get the right care they need as close to home as possible. What that means is investing more in the community so that we can actually support people in their homes for as long as possible. There are several initiatives that are under way right now.

Each of the LHINs has developed its own strategic plan, and those are available—the South West LHIN and the Toronto Central LHIN, for example. You can go and see what their more localized strategic plans are.

We've passed legislation, the Excellent Care for All Act, which squarely puts the responsibility on people in the health care system of improving the quality of care. It also focuses on relying much more heavily on evidence when we're making our funding decisions. We are currently funding too many things for which there is not evidence to support those expenditures. We're moving forward on the elements of the Excellent Care for All plan.

**Mrs. Christine Elliott:** But, Minister, with respect to the status of the overall plan, is it complete yet?

**Hon. Deborah Matthews:** If you're asking whether we have one single document that outlines all of these initiatives, the answer is no. But I think we've been very, very clear about where we are going in our strategy to get

best value and best care for the people of Ontario. As I say, each of the LHINs has developed a strategic plan that reflects the needs in their particular part of the province.

**Mrs. Christine Elliott:** Former Health Minister Smitherman promised that there would be a plan released in the spring of 2007. Here we are some three years later and still no plan. Do you intend to have an overall health care plan for the province of Ontario?

**Hon. Deborah Matthews:** I would say that we have a very clear strategic plan that has been articulated very, very clearly. It's encapsulated, really, in the Excellent Care for All Act. It's about improving quality, it's about improving access, and it's about getting best value for health care dollars.

We, as a government, are committed to spending more every year on health care. I know it is the position of your party to actually cut spending on health care. That is not our position. Our position is to keep on spending, keep on improving access, keep on improving quality and, I must say, keep on building the infrastructure that really is the foundation of much of the health care that is delivered in this province.

**Mrs. Christine Elliott:** The Excellent Care for All Act really only speaks to hospitals at the present time—

**Hon. Deborah Matthews:** No, that is not correct.

**Mrs. Christine Elliott:** What happened to the 72-page document? Can we have a copy of that if that's the document that you're working from? What are you working from in order to come up with what appears to be bits and pieces and not really a—

**Hon. Deborah Matthews:** This is not bits and pieces. This is a fundamental shift in the culture of health care in this province. The work on Excellent Care for All is being extremely well received in the community. Excellent Care for All does apply to all health care organizations. We are starting with hospitals—actually, we began with long-term-care homes. We are now moving to hospitals, where every hospital will have a quality improvement committee. They will report directly to the board. They will compare their quality indicators to other hospitals across the province. Those quality indicators include the patients' experience in the health care system, so it's putting patients first. Each of the hospitals will be required to compare how they're doing to other hospitals and develop an annual plan to improve the quality in those organizations.

This is very difficult work for hospitals, and we acknowledge that hospital boards are going to have more responsibility in their communities. But I think they're embracing the change and improving the quality, improving value, improving access. That's what we're doing.

**Mrs. Christine Elliott:** So you're really telling us that there is no overall document that encapsulates an overall health care strategy for the province of Ontario, and there is no intention that there will be one, notwithstanding the promise that was made by the previous health minister?

**Hon. Deborah Matthews:** There's been work done on developing that document. I'll be honest with you: I'm more interested in getting the results than putting out a fancy-looking document. We've been very clear. We publicly post wait times, publicly post infection rates. We now have a new website where people can easily access the health care options in their communities. We're moving forward on improving the quality of care in this province, improving the access to care in this province, and for me, getting those results is more important than issuing a document.

**Mrs. Christine Elliott:** Do you expect that there will be a document issued before October 2011—

**Hon. Deborah Matthews:** What I can tell you is that there is work going on. My highest priority is actually getting the job done.

**Mrs. Christine Elliott:** I guess my last question would be, if there is no overall plan, how do you expect the LHINs to be able to plan for their own particular region when they don't know what the bigger picture is?

**Hon. Deborah Matthews:** Oh, the LHINs absolutely know what the bigger picture is. We are very, very clear with the LHINs about what their responsibilities are, and we work hard to ensure that they know what our priorities are.

Right now, the first job of the LHINs is to tackle, with their partners, issues around ALC—alternate level of care—and emergency department wait times. Of course, the LHINs' responsibility is to integrate care in the community so that a person navigating the system can do so in a way that is seamless to the individual. We're not there yet, but that's where we're going. I can tell you that tackling the problem of ALC is forcing that kind of integration, and we're seeing tremendous results. I met a gentleman the other day who, because of the work of the LHIN and the CCAC and other community partners, has actually moved from long-term care back into his own apartment, with significant supports around him that allow him to stay at home in his community. That's the kind of success that our LHINs are capable of achieving. We're starting to see that work pay results. We are an aging population. We are growing older, and we are growing older with more complex health conditions that require more intensive care as we age. We have to be prepared for the aging of our population, so getting this right, now, is essential to the protection of a universal single-payer health care system.

**Mrs. Christine Elliott:** Is there a document that contains these directives to the LHINs, and if so, could we obtain a copy of it?

**Mr. Saïd Rafi:** There are several documents, I would say. It starts with LHIN legislation that gives them guidance on their role and mandate and set of responsibilities. From there they engage in accountability agreements. For example, they would have accountability agreements with hospitals and other health care partners within their region. In addition to that, they work collaboratively, not just vertically within their own geography but collaboratively across the province,



guided by such things as, starting in April, quality plans for hospitals and the quality outcomes, which we discussed here earlier, in the community care sector: long-term care and home care. There is, I would say, an amalgam of both documents and strategic intent that they're guided by, as well as a day-to-day interaction through integrating services across the sector.

**Mrs. Christine Elliott:** But is there anything specifically that has come from the ministry directing the LHINs to be focused on the two items that the minister mentioned?

**Mr. Saad Rafi:** I'd have to scrutinize the legislation in detail to say if those specific items find themselves in the legislation. I must confess I haven't looked at a detailed accountability agreement with a hospital because they're under renewal right now. We'd have to get back to you as to what is in the legislation that would guide the LHINs. But I would hope that some of that is certainly there.

**Hon. Deborah Matthews:** We also have annual accountability agreements with the LHINs, where we lay out very clearly what we're expecting them to accomplish.

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**Mrs. Christine Elliott:** All right. If—

**Mr. Saad Rafi:** Sorry; pardon me.

**Mrs. Christine Elliott:** Go ahead.

**Mr. Saad Rafi:** I was going to say yes, of course. I neglected what is a fairly structured and detailed process, so there are 14 MOUs with the LHINs and the ministry, and they cover everything from, in no particular order, effective controllership to the delivery of quality in their LHIN through their partners: hospitals, long-term-care homes, and soon community care access centres.

**Mrs. Christine Elliott:** Just so I understand, did all 14 MOUs, then, contain this directive from the ministry that "You are to be focused on these particular areas"?

**Hon. Deborah Matthews:** That is correct, yes.

**Mrs. Christine Elliott:** Okay. Thank you.

Next, I have some questions again with respect to nurses. I know that some questions have already been asked, and I do have some particular questions that I don't necessarily expect you have the answers to at the tips of your fingers, but if you could undertake to provide me with the information in 30 days or as soon as possible thereafter, I'd be grateful.

The first question has to do with the new nursing graduates finding full-time employment in Ontario under the nursing graduate guarantee program. I'm wondering if you could provide me with a breakdown of how many new nursing graduates were participating in 2010-11 and for the three years prior to that, so it would be 2009-10, 2008-09, and 2007-08. I believe you mentioned 9,000 graduates overall, but if we could have the breakdown over that four-year period.

**Hon. Deborah Matthews:** By year?

**Mrs. Christine Elliott:** Yes.

**Hon. Deborah Matthews:** We can probably get that for you, maybe even quickly. What I can tell you is that nursing graduates get full-time jobs. This has been a very

successful program because it gives them the opportunity to work full-time, most often in hospitals, where they get that hands-on experience that is extremely valuable to them.

**Mrs. Christine Elliott:** Okay. Again, just to—

**Mr. Saad Rafi:** Sorry, may I ask for one clarification? Mrs. Elliott, were you looking for what the specific program nursing graduate guarantee has supported, or the number of nurses in 2008-09, 2009-10 and 2010-11?

**Mrs. Christine Elliott:** The number of nursing graduates involved with the program in those years.

**Mr. Saad Rafi:** We will have to get back to you on that.

**Mrs. Christine Elliott:** All right. Thank you. And in addition, I wonder if that could be further broken down by the number of graduates who found permanent full-time jobs and those who found temporary full-time jobs, if you have that information.

**Hon. Deborah Matthews:** Well, the nature of the program is that it is a temporary position. If my memory serves me correctly, it's a nine-month—

**Interjection:** It can be seven—in that range.

**Hon. Deborah Matthews:** So it is a graduate guarantee for a fixed period of time, and then the nurses do go through the application for full-time work, or part-time work, if that's what they prefer.

**Mrs. Christine Elliott:** I guess that would be my question. How many people have been able to find full-time work following the program, permanent full-time?

**Hon. Deborah Matthews:** I'm not sure we collect that information; we'll have to check to see. We may have something here.

**Mr. Saad Rafi:** I can give you one data point for 2008-09 of participants in the nursing graduate guarantee program: 76% of those new graduates transitioned into full-time employment. That was our experience in 2008-09, as compared to only 40%, and only 14% of registered practical nurses, who were obtaining full-time employment after graduating. Sorry; that's a 2005 comparison to what was then in place in 2008-09.

**Mrs. Christine Elliott:** Thank you. If I could get the information for the rest of the years, I would be grateful.

**Mr. Saad Rafi:** Yes, we'll try to do that.

**Mrs. Christine Elliott:** All right. Thank you.

The next question is on new nurse-practitioner-led clinics. Can you tell me how many are open, or will be open by the end of 2010, and how many more will be open by October 2011?

**Hon. Deborah Matthews:** Yes. I'll start with the last question first. Our hope is that all 26 will be open—that's Sudbury plus the 25 new ones—by the end of 2011. We're hoping that the first wave of 11 new clinics will be open this calendar year. Belle River, Belleville and Thunder Bay are all open. Maybe there are more. Those three for sure are open. I attended the opening of the one in Thunder Bay just a week or two ago.

They are all on track to open. As you can imagine, this is new, this is groundbreaking work, and we're asking those nurse practitioners to do work that they haven't

done before: the development agreements, capital grant agreements, finding space, finding staff, the operating agreement that we have with them.

There's work that has to be done, but what I can tell you is that there is real enthusiasm for this model of primary care, and I have every confidence that they'll be a big success.

**Mrs. Christine Elliott:** So that would leave another 15 clinics, then, to be opened within the next 11 months or so. Is that correct?

**Hon. Deborah Matthews:** No. So 26 in total—

**Mrs. Christine Elliott:** Yes.

**Hon. Deborah Matthews:** Sudbury is the mother of nurse practitioners, and it's been open for some time, and then we've announced 25. The first wave was 11 NP-led clinics that we announced several months ago. Of those, three, I believe, are up and running and the others are in various stages of development and are anticipated to be open by the end of—

*Interjection.*

**Hon. Deborah Matthews:** Okay. We have Joshua Tepper. You can come and go through this, if you don't mind.

**The Chair (Mr. Garfield Dunlop):** And you've got a minute and 30 seconds to do it.

**Dr. Joshua Tepper:** Yes, no problem. And I may, by the end of that, have your dates as well for the NGG, the numbers of participants for each year. We won't be able to do this year because the graduates are staggered over time, and they have up to six months after graduation in case they want to rest before they start their job. So we won't have this year for the new graduate guarantees.

But you're interested in the start dates for the NP-led clinics?

**Mrs. Christine Elliott:** Yes, please.

**Dr. Joshua Tepper:** Okay. Algoma-Sault Ste. Marie, April 2011; Lakehead-Thunder Bay, November 2010; VON Belle River township, August 2010; Anishnawbe-Thunder Bay—we're still in discussions with them, but we should have a potential time; they're looking for appropriate clinic space for that community. Belleville, August 2010—I believe the minister attended the opening; the Canadian Mental Health Association Oshawa, December 2010; French River-Alban, May 2011; Georgian-Barrie—temporary location, January 2011, with a permanent location in fall 2011; Glengarry South, February 2011; Huronia-Oro Station, May 2011.

**The Chair (Mr. Garfield Dunlop):** That's a good one, that Oro Station one.

*Interjection.*

**Dr. Joshua Tepper:** Capreol, August 2011; North Channel nurse-practitioner-led clinic, formally known as Central Algoma, September 2011; Emery-Keeleisdale, formerly North York-West Toronto, June 2011; Georgina-Sutton, February 14, 2011; and Health Zone London, February 2011. And the last two—

**Mr. Saïd Rafi:** While you're turning the page, can I just interject and say "projected"—because of the vagaries of getting operational. We sound quite certain by

saying by June 2011 etc., and the last two are June and November 2011, but I think our experience has been that every clinic has its own sort of approach and will take a varying degree of time. But we hope to have these projected dates in place.

**Dr. Joshua Tepper:** We update this every week, and we are in local communication. There's a total of 15 steps, with the 15th step being a ribbon-cutting. So with each of the 14 steps preceding that final stage, there's a very clear process that we're working to streamline and improve.

**Hon. Deborah Matthews:** Just for the record, where are the last two?

**Dr. Joshua Tepper:** The VON 360 Degrees in Peterborough, June 2011, for the deputy; and Waterloo Region-Kitchener, November 2011.

**The Chair (Mr. Garfield Dunlop):** Okay. That's all we've got time for in this round.

**Mrs. Christine Elliott:** Thank you.

**The Chair (Mr. Garfield Dunlop):** Now, Mr. Hampton, you've got the next 20 minutes.

**Mr. Howard Hampton:** I have some questions about air ambulance. Looking at my copy of the estimates book, which may be different from your copy of the estimates book, the estimate for 2010-11 for air ambulance is \$138,225,800. Is that right?

**Hon. Deborah Matthews:** Just give us a second to catch up with you here.

**Mr. Saïd Rafi:** Which page?

**Mr. Howard Hampton:** In my book, it's page 141.

**Mr. Saïd Rafi:** Sorry. Thank you.

So we're looking at the standard account chart?

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**Mr. Howard Hampton:** Yes. It's \$138 million. Is that right?

**Mr. Saïd Rafi:** Yes.

**Mr. Howard Hampton:** The estimates for 2010-2011?

**Mr. Saïd Rafi:** I read the same, yes.

**Mr. Howard Hampton:** And if you go back, the estimates for 2009-2010 were \$132 million, and the actuals for 2008-2009 were \$126 million.

**Mr. Saïd Rafi:** Yes.

**Mr. Howard Hampton:** Okay. Can you tell me just basically how air ambulance is provided in the province?

**Mr. Saïd Rafi:** Can we get someone who has that detailed expertise, if you'll permit?

**Mr. Howard Hampton:** That's fine.

**Mr. Saïd Rafi:** Okay. Perhaps while we're rustling that person up, would you like to move to a different question? I don't want to eat into your time.

**Mr. Howard Hampton:** My understanding is that there are three levels of air ambulance: critical, advanced and primary care. Is that right?

**Mr. Saïd Rafi:** Yes, I believe that's correct.

**Mr. Howard Hampton:** And most of that is provided by fixed-wing air ambulance—not all, but most is provided by fixed-wing air ambulance?



**Mr. Saâd Rafi:** I think you have me at a distinct disadvantage in that I don't have those details—

**Mr. Howard Hampton:** Okay.

**Mr. Saâd Rafi:** We're trying to find someone who can—

**Mr. Howard Hampton:** Sure. The questions are fairly basic. If you can't answer them today, I'd like a written answer.

**Mr. Saâd Rafi:** Sure.

**Hon. Deborah Matthews:** Okay.

**Mr. Howard Hampton:** Now, as I understand it, you also have to provide, in addition to the actual physical air ambulance, the dispatch for air ambulance, right? I believe there is a centralized dispatch for air ambulance.

**Mr. Saâd Rafi:** I believe that's correct, yes, and distributed dispatch for land because it's a municipal—

**Mr. Howard Hampton:** I'm interested in air ambulance at this point in time. Now, there's one thing I want to be sure of: Is the dispatch cost included in the \$138 million? Because when I look at the way you've broken this down, further up in the standard accounts you've got transportation and communication. Right? So I want to know: Is the dispatch part of the air ambulance envelope? Is it included in the air ambulance envelope or is it part of the transportation and communication envelope?

**Mr. Saâd Rafi:** Understood.

**Mr. Howard Hampton:** Good. But whatever, I want to know what the dispatch cost is, because you should be able to break that out.

**Mr. Saâd Rafi:** Okay.

**Mr. Howard Hampton:** Now, I understand that you call the Ontario air ambulance service Ornge. Is that right?

**Mr. Saâd Rafi:** Yes, it is.

**Mr. Howard Hampton:** And Ornge is a—and correct me if I'm wrong, but I'm just going on what I've been told and what I've been able to read—not-for-profit entity. Is it a corporation? Is it a branch of the ministry? What is it?

**Hon. Deborah Matthews:** It is not a branch of the ministry. It is a separate organization and—

**Mr. Saâd Rafi:** Its legally constituted status—I want to make sure that I give you the right response, so I'll get you that legally constituted status.

**Mr. Howard Hampton:** Yes, I'd like to know. What kind of corporation is it? Is it a corporation with share capital, without share capital? What is it?

**Mr. Saâd Rafi:** Okay.

**Mr. Howard Hampton:** But I'm also told that the ministry funds 100% of the approved cost for air ambulance services, including air ambulance dispatch, through Ornge.

**Hon. Deborah Matthews:** I think we might have our air ambulance expert with us now.

**Mr. Saâd Rafi:** This is Patricia Li, our assistant deputy minister for direct services.

**Ms. Patricia Li:** Hi. I think you wanted to know some background about the air ambulance program?

**Mr. Howard Hampton:** Yes.

**Ms. Patricia Li:** We do cover 100% funding of the approved cost of air ambulance operations. This year, it's approved for \$136.1 million.

**Mr. Howard Hampton:** One of the questions I had is, does that also include the air ambulance dispatch?

**Ms. Patricia Li:** Yes, it does.

**Mr. Howard Hampton:** So there are no costs associated with air ambulance that fall outside of that \$138 million?

**Ms. Patricia Li:** That's correct.

**Mr. Howard Hampton:** That \$138 million is totally and completely inclusive?

**Ms. Patricia Li:** Yes. It's through a transfer payment program.

**Mr. Howard Hampton:** Transfer payment?

**Ms. Patricia Li:** Yes.

**Mr. Howard Hampton:** And Ornge is the operator of air ambulance?

**Ms. Patricia Li:** Ornge is the operator.

**Mr. Howard Hampton:** What is Ornge? Is Ornge a not-for-profit corporation?

**Ms. Patricia Li:** Yes, it's a not-for-profit organization.

**Mr. Howard Hampton:** A not-for-profit organization or corporation?

**Ms. Patricia Li:** Corporation.

**Mr. Howard Hampton:** It is?

**Ms. Patricia Li:** It is incorporated.

**Mr. Howard Hampton:** Now, does it have share capital?

**Ms. Patricia Li:** No.

**Mr. Howard Hampton:** It doesn't. All right. Who runs Ornge?

**Ms. Patricia Li:** Dr. Christopher Mazza. He's the CEO of the Ornge corporation.

**Mr. Howard Hampton:** Of Ornge, the Ontario air ambulance service?

**Ms. Patricia Li:** Yes.

**Mr. Howard Hampton:** Okay.

Now, I have a question. If he is the head of Ornge, why does his name no longer appear on the Ontario salary disclosure list after 2007? This is the Ontario air ambulance service. It's 100% owned by the government of Ontario. He's the head of Ornge. Why would his name no longer appear on the salary disclosure list after 2007?

**Mr. Saâd Rafi:** Again, I'll have to consult with the Ministry of Finance, who are responsible for regulating and determining who is included and who is not, and we'd like to get back to you on that.

**Mr. Howard Hampton:** Okay. Well, that's Ornge. My understanding is that some of the air ambulance service, though, is provided by literally dozens of independent contractors.

**Ms. Patricia Li:** No, all air ambulance is actually operated by Ornge. When they were created—they do subsume some of the contracts from the previous ministry operations, so there may be some still left over that Ornge as an organization managed the contract.

**Mr. Howard Hampton:** Let me state it again so we're very clear. If you go to North Bay, if you go to Timmins,

if you go to Hearst, if you go to Geraldton, if you go to Sioux Lookout, Red Lake, Fort Frances, Kenora, you will find independently owned air operators who provide air ambulance to Ornge on a contract basis.

**Ms. Patricia Li:** Yes.

**Mr. Howard Hampton:** Yes. Okay. Now, what procurement process do they have to go through? It's my understanding they have to bid and they have to state what they've got available in terms of aircraft, etc., and capability. So what's the procurement process that they go through?

**Ms. Patricia Li:** They follow essentially the same as the procurement process of the Ontario public service. In fact, we actually finished an operational review of the organization, and the review assessment indicates that they have followed an open and transparent process for procurement of services.

**Mr. Howard Hampton:** And that's a standardized process?

**Ms. Patricia Li:** Yes.

**Mr. Howard Hampton:** So if you're a bidder from Timmins or you're a bidder from Geraldton or you're a bidder from Kenora, same process?

**Ms. Patricia Li:** I don't know—I think it's the same process, yes.

**Mr. Howard Hampton:** All right. Can I ask you, then: There's another entity called Air Ornge, or Ornge Air. Now, what is Ornge Air?

**Ms. Patricia Li:** My understanding is that Ornge Air is an affiliate organization under Ornge that actually provides the operations, the air ambulance—

**Mr. Howard Hampton:** But my understanding is that Ornge Air is a profit-driven corporation.

**Ms. Patricia Li:** I have to look into that. I don't know—

**Interjection:** We'll look into that.

**Ms. Patricia Li:** Yes. I will follow up.

**Mr. Howard Hampton:** If you could. I'd be very interested, because I'm told Ornge Air is a profit-driven corporation. Right?

Now, you've got all these small airlines from one end of the province to the other, mainly in northern Ontario, providing air ambulance. They bid; they go through a procurement process. Can you tell me, does Ornge Air go through a procurement process?

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**Ms. Patricia Li:** Yes.

**Mr. Howard Hampton:** Is it the same as the other providers?

**Ms. Patricia Li:** I'll have to look into that.

**Mr. Saïd Rafi:** I see the point you're driving at. We don't know its legally constituted status. If indeed it is a for-profit organization, we'd have to determine whether we govern its procurement processes and practices. I think as part of the response we will address both its procurement practices as well as its legally constituted status.

**Mr. Howard Hampton:** If you could answer some other questions, too. It's my understanding that Ornge Air

has purchased several brand new high-tech airplanes, Pilatus airplanes. Someone told me they go for about \$11 million a plane. Does the capital to purchase those airplanes come from the ministry?

**Ms. Patricia Li:** No.

**Mr. Howard Hampton:** Where does the capital come from to purchase those airplanes?

**Mr. Saïd Rafi:** They're a transfer payment agency, and again, if purchased through Ornge Air—I'm unfortunately not knowledgeable enough on its corporate designation, but since all funds are given through transfer payment dollars—in your question on dispatch, for example, you asked if it would be part of direct operating expenditures, such as transportation and communications; no, it would be under transfer payment. A transfer payment dollar out of the ministry may not—not in all circumstances—be designated capital or operating but designated as a transfer payment dollar, and the organization would then—and again, I need to check whether this is the case for Ornge—apply those funds either for a capital expense or an operating expense.

**Mr. Howard Hampton:** At the end of the day, though, what I want to know is, where is the money coming from to purchase what are, by any measure, pretty expensive airplanes?

**Mr. Saïd Rafi:** We'll have to get back to you with how they're financing that and what its status is, relative to the Ministry of Health.

**Mr. Howard Hampton:** I'm satisfied with your answer that all of the other air ambulance providers have to go through a procurement process. I want to be very clear on this: Does Ornge Air go through the same procurement process as the other providers? If it doesn't go through the same procurement process, what is the procurement process for Ornge Air?

Critical care—we've already settled that there are three kinds of air ambulance: primary care, advanced and critical care. I'm told that the critical care ambulance service, that category, was not offered through a competitive procurement process. I'm told that that is operated exclusively by Ornge Air. Can you tell me why something which we would all agree is fairly expensive wouldn't be offered through a competitive procurement process? Why would something be removed from the competitive procurement process? What are the policy reasons for that?

**Mr. Saïd Rafi:** I'm sorry; I'm probably going to exceedingly give you a similar response. Once we can establish the first principal question, then we will do our utmost to answer the follow-ons that relate to its status and therefore what it is obliged to follow with respect to rules and directives.

**Mr. Howard Hampton:** If in fact Ornge Air has not gone through a procurement process that is the same as the procurement process of other ambulance providers—and here I'm talking about advanced and primary care, not critical care. I've already separated out critical care; now I'm talking about advanced and primary care. My understanding is that all the other operators have to go



through a very thorough procurement process if they want to bid to provide an air ambulance service, and I'm told that Ornge Air doesn't have to. If I am right in that, can you explain why Ornge Air would not have to go through the same competitive procurement process that other operators would go through?

**Hon. Deborah Matthews:** Rather than answering a hypothetical question, what I'd like to do is get answers to the questions that you have asked. I confess to you that this is not an area I am well schooled in, and we'll do the work required to get answers to the questions that you've raised.

**Mr. Howard Hampton:** This is the general overlay question: I'd be very interested if you could give me the details on the nature of the relationship between Ornge air ambulance services and Ornge Air. Who is the head of Ornge Air? If it is a contractual relationship, if Ornge—which is the Ontario air ambulance service—contracts with Ornge Air to provide services, then I want to know the value of the contracts. I want to know them for critical, advanced and primary care. Who is the head of Ornge Air? Does it get its money exclusively through the Ministry of Health or does it have access to funding from some other agency or some other arm of the government? Because my understanding is that Ornge Air, the company, now provides a very substantial share of the air ambulance services to Ornge.

**Hon. Deborah Matthews:** We'll look into the questions. I think I know where you're going with this, and we'll get answers to you as we can.

**The Chair (Mr. Garfield Dunlop):** There are two minutes left in this round, Mr. Hampton.

**Mr. Howard Hampton:** Also, can you tell me if there is anyone who has a position at Ornge or provides services to Ornge in the nature of managerial/executive and also has a similar position or provides similar services to Ornge Air?

**Hon. Deborah Matthews:** So you want information on the relationship between Ornge and Ornge Air?

**Mr. Howard Hampton:** I'd like to know if anybody is getting paid by Ornge and Ornge Air both.

**Hon. Deborah Matthews:** Yes.

**Mr. Howard Hampton:** Thank you.

**The Chair (Mr. Garfield Dunlop):** Thank you very much, Mr. Hampton.

We'll now go to the government members, and you have 17 minutes this time.

**Mrs. Liz Sandals:** Mr. McNeely first.

**The Chair (Mr. Garfield Dunlop):** This is a 17-minute rotation, and then we'll go into the final three, okay?

**Mr. Phil McNeely:** Thank you very much, Chair.

I've been involved with the CCACs and with some of the seniors' homes in Orléans, talking about the aging-at-home issues, and they're all very interested. I believe this is a program that has been expanding over the years, and I would just like to know where it's at now, where it's going, how many seniors are involved, how we're going to deal with the great tsunami, as they call it. Just earlier, there were questions about the cost of aging at home and

the cost of someone ending up in a long-term-care facility, the advantages of having somewhere for these people to go to rather than ending up at the emergency hospitals when their caregivers give up or they can no longer look after themselves. I'd just like to have an update on that, Minister.

**Hon. Deborah Matthews:** Thank you for the question. I think all of us know that as our population ages, we're going to have to change the way we deliver health care to our most vulnerable seniors in particular. We've been historically focusing on hospitals and on long-term care. We've added home care to the mix, but we know there's so much more we can do to take advantage of work that's already happening in the community.

#### 1700

Keeping people at home as long as possible with the supports they need to stay at home is an area of real opportunity for us, and we're embracing that opportunity. But I have to say, we're in uncharted territory to some degree on how we invest in the community to support people staying at home as long as they possibly can. We've put \$1.1 billion over four years into aging at home. This is money that is going to the LHINs, and the LHINs work with their communities, including their hospitals and their CCACs and their long-term-care homes, to understand what the challenges are in their community, and, more importantly, what the strengths are that they can build on in the community.

We've recently announced the expansion of aging at home. It will fund approximately 125 new programs, additional aging-at-home projects. This year, we're increasing aging at home by \$143 million over last year, so a total investment of \$330 million. It's sometimes difficult to explain exactly where that money is going, because it is different in different communities. But at its core, it helps seniors stay at home with things like rides to medical appointments. Sometimes what a senior needs is transportation to get the care they need. Sometimes they need help with household chores. Sometimes they need additional home care hours. What we're really trying to do is support seniors where they want to be, and that is in their home, that is in their community, it is with neighbours and family members, all part of their community. Supporting them as they age—aging is a very natural process, and we want people to be at home as long as they possibly can. That is good for people. It's also good for our health care system, because the cost of keeping someone in their home is usually less than the cost of having someone in a long-term-care home or in a hospital, certainly. So we're working hard to do that.

We also know that a great number of our emergency room visits are from seniors who, if they had the right care in their home or had the right access to care and the right supports, actually wouldn't need to go to the emergency department. We've got some wonderful examples of programs across this province, and they're tracking outcomes. They are really measuring the effectiveness of these programs, and we are seeing, in some of those

programs, a significant reduction in emergency department use.

I was at the health innovation expo last week and I met with the wonderful—it was an expo of innovation in our health care system. I met with people who are leading a nurse practitioner outreach team in long-term-care homes. The nurse practitioner actually comes into long-term-care homes and has a relationship with the nurses and the PSWs on staff. The nurse practitioner comes in when a patient is maybe showing signs that they need a little more care. The nurse practitioner can, over the phone—or go into the home and examine the patient. In this particular program, they had reduced ER visits by 97%. It was extraordinary, and that was a program funded through aging at home. In this case, the home was a long-term-care home, but this investment in the nurse practitioner outreach teams reduced the pressure on the emergency department.

I was in Barrie celebrating the initiation of a similar program. One of the programs: I met a delightful gentleman who had suffered a stroke some years ago and was in long-term care. He was getting all the care he needed; he was probably getting more care than he needed, more care than he wanted. He wanted to go home. So with the support of aging-at-home money, he now is in his own apartment. He has a personal support worker come in twice a day to make sure he's getting what he needs, the care he needs. He's now hooked up with a family doctor. He's got a nurse practitioner who helps with the circle of care. But he is very proudly independent once again and is exactly where he wants to be. And frankly, it's where the system wants him to be, because supporting him in his home is less expensive than supporting him in long-term care. By moving him from long-term care into his own home, we're freeing up a space where someone who really needs long-term care can then move into long-term care.

So there are some wonderful examples across the province. It's really making a difference, and I'm not for one second going to suggest that we have maximized the capacity of that initiative. We haven't. I know there's a whole lot more we can do by focusing on community and by providing a continuum of supports so that people get all the care they need.

I was recently at the opening of a 20-unit supportive housing building in London for people with acquired brain injuries. These were people who either were receiving 24-hour, seven-day-a-week care that they didn't need because they didn't need that level of care, or they were people who were living independently without the support they needed. There is no question that these people, now that they've got their own homes—they were very pleased. They've now got their own kitchen. They've got their own living rooms. They can have guests over. They have a home that is theirs. They have access to two full-time-equivalents of support, so two FTEs serving 20 people, preventing these people with acquired brain injuries from needing to access much more expensive care.

One of the residents of this new supportive housing is a 21-year-old woman who had been in a car accident and has an acquired brain injury. She had been living in a long-term-care home, and she transitioned from a long-term-care home to supportive housing and now she's moving into this. It is supportive housing, but for a large part it's independent living.

Those are the investments that we simply must make, and we want to do more in terms of supporting people so that they get the care they need but they have as much independence as they can possibly have, and that they're in the community with people and they're able to enjoy life to the fullest. It's an initiative I'm very proud of.

I really would urge all MPPs to sit down with their LHINs to understand the aging-at-home initiatives in their communities, because we hear in our constituency offices about people needing care. I think we'd all be well served by taking some time with the LHIN and learning about the aging-at-home initiatives in our communities. They really are making a difference for people.

**Mr. Phil McNeely:** Thank you, Minister. I'd just like to take a couple of minutes. Pierre Michaud came in to see me, and he is the president of Séraphin-Marion, a francophone seniors' club in our area. There's a second French seniors' home, Le Rendez-vous des aînés, and one bilingual, one English group, about 600 or 700 members. Altogether, they have 2,000 members.

They've been discussing things. They find their seniors are coming in earlier, and they're getting into lots of programs that involve exercise, the arts, reading. They want to expand that. I know there's a program through the seniors' ministry that gives the clubs that qualify about \$50 per person per year. So he was suggesting to me, Mr. Michaud and the others on these organizations, that if we could get seniors more involved in some of the minor stuff and the companionship that seniors need—within a club they get that, and if they get into the situation where they need home care, then there's a good transition.

**1710**

He just asked me to mention that, so I'm mentioning that, getting that on the record today. But it seemed to me that seniors' clubs may have a role to play in the aging-at-home because that's their friends, that's their community, the seniors' club, especially these large clubs, and it should work out well. I just wanted to get that on the record.

**Hon. Deborah Matthews:** Thank you.

**The Chair (Mr. Garfield Dunlop):** We've got about five minutes left in this rotation. Mr. Brownell?

**Mr. Jim Brownell:** Okay. I'll take one and get on. I just want to say that in my riding of Stormont—Dundas—South Glengarry we've had many opportunities in the last little while to have some major capital projects come to fruition. Some are in the process right now; for example, the Cornwall Community Hospital. We had the Winchester hospital completed, which was a wonderful opportunity of providing, in a rural area, a modern facility with modern, up-to-date equipment. We never had in



rural Stormont–Dundas–South Glengarry a CT scanner. Now, in that hospital they made room for a CT scanner; it's operational and the like. I understand that in the new hospital in Cornwall we're going to have an MRI, which we've never had in eastern Ontario, which is going to be a great benefit.

I just listened to you a few moments ago about—I'll come back to that, but I just want to say thank you for commenting about aging at home. I've experienced that in my own life with my mother, who experienced aging-at-home supports for as long as she could age at home, then there came a point where she had to go to the hospital, where she is right now.

But, having said that, I know we've made a lot of investments in health care across the province, in buildings and in providing modern technologies in those buildings. I wonder if you could give us an idea of what kinds of investments? I just mentioned MRI machines and CT scanners, but I'm wondering if you give us any expanded information on what is transforming our facilities that are being upgraded to build modern health care opportunities in the province?

**Hon. Deborah Matthews:** I want to start just by acknowledging—

**The Chair (Mr. Garfield Dunlop):** You've got about three minutes on this—

**Hon. Deborah Matthews:** Okay. I'll try and do this quickly. Mr. Brownell has recently announced that he's not going to be running again next year, and I just want to express on the record my admiration for the work you've done in the time that I've had working with you. I have to say, I was really pleased to see in the newspaper that you remarked on the improvements in health care in your community as one of your proud achievements—

**Mr. Jim Brownell:** It was a top priority.

**Hon. Deborah Matthews:** The top priority.

**Mr. Jim Brownell:** Yes.

**Hon. Deborah Matthews:** So you've been an extraordinary advocate for your community and a wonderful colleague. We're not going to say goodbye yet, but I do want to say I was really pleased to see that improving health care—that we've made a difference in your community, working together. Thank you for that.

There is no question that when we came to office, our health care capital infrastructure, our hospitals and our other infrastructure had been very badly neglected. There was an enormous infrastructure deficit, and not just in health care, but of course the area we're talking about today is health care.

What we committed to back when we were elected in 2003 was to start to move forward, rebuilding the foundation of our health care system, including the infrastructure. We embarked on the most aggressive ever capital program. You can imagine there has been significant—there was a very long lineup of hospitals looking for an infusion of cash to bring their infrastructure up to modern standards. We've made some good progress. We're now working on the next 10-year infrastructure plan.

But the reality is, the hospitals that were built 50 years ago do not meet today's standards. The rooms are not built in a way to minimize infection rates, for example. So we're bringing into the new facilities design that actually has an impact of reducing infection rates. Our operating rooms cannot handle all the equipment that is in an operating room today. I've been in some operating rooms where there are wires all over the place and equipment that is actually a hazard for the people working in the emergency department.

We just haven't kept up with the significant problems around energy efficiency. I can tell you that we've really emphasized improvements to our emergency departments. As we work to bring those emergency department wait times down, those emergency departments needed to be physically changed to allow—for example, Ms. Sandals spoke about the fast track at the Guelph General Hospital, so where people come in with minor injuries, they go in one direction, they get the care they need quickly and can get on their way; other more complex cases go a different route. But the way they had been designed didn't facilitate the flow of patients, so we're investing, for example, in improved emergency departments. The technological changes have been massive, and we're responding to those.

**The Chair (Mr. Garfield Dunlop):** That's pretty well it for your round this time, ladies and gentlemen.

We'll now go to Ms. Elliott. We have about 13 minutes for each of the three caucuses to clean up, and we'll finish up this afternoon right at 6.

**Mrs. Christine Elliott:** Thank you, Chair.

Minister, my next question relates to the assistive devices program. As you're probably aware, they're currently facing a backlog of thousands of applications. Seniors and people with disabilities are waiting about six months or more for approval, and as a result, vendors have been providing them with equipment in advance of the approval just to ensure their mobility. But now we've got a huge backlog of applications, vendors waiting for reimbursement. Many of them are facing bankruptcy or are simply having to go out of business. And in the midst of this, I understand that the program laid off eight contract workers in May. They've currently hired six replacement workers, but there are still thousands of applications that need to be dealt with. Can you please advise me what the plan is to deal with this backlog, to keep these people from going out of business?

**Hon. Deborah Matthews:** I'm going to ask my deputy to respond.

**Mr. Saad Rafi:** I'll try to give you an answer. I'm not sure I'll address the specific level of backlog. We're certainly attuned to the fact that the auditor and the public accounts committee have indicated to us that there should be augmentation of the staff in order to properly deal with the volume of claims, as well as the need to keep vendors aligned with their clients' needs, especially in smaller communities. To that end, we have invested in sound management structure, a dedicated director-manager and added 15 additional staff on a permanent basis.

We wanted to make sure that we would properly address those needs identified by public accounts and the Auditor General, and in fact, we've been invited tomorrow morning to the Standing Committee on Public Accounts to talk about those improvements and those changes.

We've managed to examine certain prices, we've managed to get better agreements with both vendors and authorizers, and we've created a modernization team to help address the backlog.

Perhaps Patricia Li, who is here, as I mentioned to you earlier, might speak to some of those improvements that we've managed to bring.

**Ms. Patricia Li:** We did do an assessment of all the claims in total within the assistive devices program, and we actually have been reducing the backlog numbers in the last three weeks. What we also have done is to have more temporary staff and contract employees, and added to the claims assessment staff resources about 11 FTEs. Our expectation is that all the backlog will be reduced by probably the first week of January.

**Mrs. Christine Elliott:** And the additional people have already been hired and are on the job now?

**Ms. Patricia Li:** Yes, they have been hired and they have been trained. There is going to be a bit of a learning curve for them, but we started the new staff three weeks ago.

**Mrs. Christine Elliott:** Thank you.

My next question—a different topic—is on homes for special care. As you know, they haven't had a raise in funding for some time. The current per diem is \$47.75, and yet their costs are going up with the impact of HST and minimum wage increases. Can you tell me what you anticipate doing with respect to this and homes with special care that provide much-needed relief in the community for a very vulnerable population?

1720

**Hon. Deborah Matthews:** If you're asking what's going to be in the budget, I'm going to have to say that I don't know, and if I did, I couldn't tell you.

**Mrs. Christine Elliott:** So there's nothing currently planned, and we'll have to wait and see in the budget?

**Hon. Deborah Matthews:** Pardon me?

**Mrs. Christine Elliott:** So there's nothing currently planned with respect to homes for special care?

**Hon. Deborah Matthews:** We're going to have to wait for the budget.

**Mrs. Christine Elliott:** Similarly, with respect to CCACs: Do you plan to have CCACs join the ranks of other health care providers and be rolled into the 0% increase group?

**Mr. Saâd Rafi:** The union representatives, or the unions that represent workers in the CCAC sector—there have been discussions taking place with them, if I'm not mistaken—SEIU and others—through the Ministry of Finance and the Ministry of Government Services.

As far as the non-unionized broader public sector, yes, the government is expecting that their employers be able to adjust their budgets based on a zero-zero, two-year outlook for wage increases.

**Mrs. Christine Elliott:** What percentage of the overall workforce would that represent? The non—

**Mr. Saâd Rafi:** The overall health care workforce?

**Mrs. Christine Elliott:** In the CCACs.

**Mr. Saâd Rafi:** I would have to get back to you. I'm afraid I don't have that number.

**Mrs. Christine Elliott:** Okay. Can we get that breakdown?

**Mr. Saâd Rafi:** We will provide that, yes.

**Mrs. Christine Elliott:** Moving on to another topic: the pharmacy regulations. How would you respond to the fact that since the recent reductions to generic price in Ontario, some have said that the fact that there are drugs that are no longer available in the marketplace is attributable to the cuts imposed by the pharmacy regulations, and that it's no longer economically feasible for some generic manufacturers to manufacture and sell those products in the province of Ontario?

**Hon. Deborah Matthews:** I'm very happy to respond to this. I have to say that there are shortages of some particular drugs. That has always been the case and probably always will be the case. Because of issues in the plant or other supply issues, there sometimes are shortages. Pharmacists know how to handle those. They have absolutely nothing to do with our drug reforms. I was happy to see that the Ontario Pharmacists' Association and the Canadian association of generic drugs—I probably have that title wrong—verified that, that these are shortages that happen from time to time. The evidence might be that these are national or even international shortages; they're not specific to Ontario. There's no connection whatsoever between some of those shortages and the reforms to the elimination of professional allowances.

Another way you might want to think about it is that what we did was eliminate the professional allowances. This was a very large expense that the generic companies had to pay drugstores, or pharmacies. We actually, through our reforms, eliminated that expense for generics. They were not the sector that actually felt the impact of our reforms. That was more the retail pharmacy side.

There is also the issue of—there are some generic drugs where the manufacturer of those drugs will argue that they can't supply the generic at 25% of the brand price. They need more than that to actually make it viable for them to produce those generic drugs. We, in our legislation, allow for those special cases to be treated separately. They work with our executive officer to demonstrate that they need a price higher than 25% of brand in order to produce those drugs. That is a process that is ongoing now.

Having lower prices for generic drugs is of enormous benefit to us. Hundreds of millions of dollars will be saved to taxpayers. People who pay cash for their drugs will benefit; they will have lower prices. People who get their drugs covered through a benefit—insurance or a drug plan—will also see either lower premiums or more services for the same amount of money. The Generic Pharmaceutical Association has said that the shortages



are not related to the reforms, according to the Toronto Star.

**Mrs. Christine Elliott:** But are you aware—I've heard this from many pharmacists—that because generic products are not available, they are having to actually substitute brand name pharma products? So instead of lowering the price of drugs, it's actually raising the price. Are you aware that that's the case?

**Hon. Deborah Matthews:** Absolutely right. In the few cases where there is a temporary shortage of a generic drug, unrelated to our drug reforms, pharmacists may find another generic they can substitute, or they may have to substitute the brand. As I said, this is something that happens in the world of pharmacy, unrelated to our reforms.

**Mrs. Christine Elliott:** Well, because of this and because of these shortages—actually, quite a number of drugs are currently not available, a lot of them being antibiotics—there's a lot of concern right now that with the cold and flu season approaching, we're going to have a real problem on our hands because of the unavailability of these medications. What do you plan to do to address that?

**Hon. Deborah Matthews:** We're aware of shortages that occur from time to time. There is a process by which they notify the ministry that there is a shortage and we make arrangements. This is business as normal, business as usual for us in pharmacy.

My deputy has more to add.

**Mr. Saïd Rafi:** I just might add that if the reference was to vaccines, then there is a separate process we're engaging in with the federal government, along with other provinces, to ensure a consistent and effective supply of vaccines. The federal government leads that procurement process with the close participation of the provinces and territories to try to make sure that vaccines are available.

**Mrs. Christine Elliott:** Okay. Thank you. It was really more with respect to antibiotics than vaccines, but—

**Hon. Deborah Matthews:** You might also be interested in knowing that there was a concern that pharmacies would close as a result of the changes, and I can tell you that there have been some closures. Twenty-two pharmacies in the province have closed since July. On the other hand, 36 new pharmacies have opened, so we're actually seeing more access to pharmacy.

The other important point is that as part of our reform, we're now paying pharmacists to actually put their education and experience to work. We're significantly expanding the MedsCheck program to people who are in long-term care and to people with diabetes. We also have a new program called MedsCheck at Home for people who can't get to the community pharmacy. The pharmacist can actually go to their home, and we pay him or her for going to the home and opening up the medicine chest. They look at not just prescription drugs but also any over-the-counter drugs, including naturopathic drugs and so on, to do that evaluation.

**The Chair (Mr. Garfield Dunlop):** You've got about a minute left.

**Mrs. Christine Elliott:** But, Minister, as you know, there are still some concerns with respect to the expanded professional services funding for pharmacy that was promised at the time the pharmacy regulations came in. Can you tell me when pharmacists can expect to get the funding?

**Hon. Deborah Matthews:** Absolutely. What we did, because we knew it would take time to ramp up the new services that pharmacists will be providing—we had \$50 million earmarked for services; we added another \$100 million. We're working with our pharmacy partners to get it right, to make sure that as we expand services, pharmacists will be able to provide them and they will provide benefit to patients. We're actually giving them another dollar on top of their regular dispensing fee as we make that transition. So my recollection is that it's \$1 for the first year—

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**Mr. Saïd Rafi:** And it steps down over three years.

**Hon. Deborah Matthews:** —and it declines over a three-year period, I believe, as we phase in the new services.

It has changed for pharmacists, make no mistake about it. The old model, where they got the professional allowances for really doing nothing—those days are over. We're doing it over time to give them time to adapt, but we are absolutely committed to enhancing the role of pharmacists in our health care system. They have a lot of knowledge. We know that significant numbers of people coming to our emergency rooms are doing so because they're not taking the medications they've been prescribed properly, or it's a problem with a medication error. I'm very proud of what we're doing on that front.

**The Chair (Mr. Garfield Dunlop):** Okay, and that concludes the time for the official opposition.

Mr. Hampton, you have about 13 minutes.

**Mr. Howard Hampton:** I've just got a few questions. Have any analyses been conducted to assess the quality of care provided to someone by a for-profit home care agency in relation to the quality of care provided by not-for-profit home care providers?

**Hon. Deborah Matthews:** Make no mistake about it, we expect the very same quality of care from for-profit and not-for-profit providers of home care. I can tell you that we are working now on actually developing the appropriate metrics so that we can ensure that the highest quality care is being delivered to people obtaining that care at home.

Perhaps someone else could speak more to that and where we are there.

**Mr. Saïd Rafi:** The regulatory requirements, as well as patient safety and other requirements, are identical. They speak to what an individual resident and/or patient, dependent client, should expect. They're not different for the incorporated or unincorporated, for-profit or not-for-profit status of the organization.

However, in the home care sector, related to a previous line of questioning that you were asking about, we are working with all of the organizations that provide care to make sure that they are at a point where they can say that, should there be changes, should there be increases in the requirements of care or in the safety, they're able to step up and they know how to do that. That's effective training.

**Mr. Howard Hampton:** Let me make my question more specific. When Manitoba—this goes back I think about 10 or 15 years—went down the road of introducing profit-driven home care as opposed to non-profit home care, they commissioned a study by some people at Carleton University's school of public administration to compare profit-driven provision of home care with not-for-profit provision of home care. So the study was commissioned, and it actually looked at quality of service, cost and what the actual in-the-home providers were being paid—nurses, registered practical nurses.

My question is, has any such study or studies been conducted by this government?

**Mr. Saâd Rafi:** I need to check.

**Hon. Deborah Matthews:** Not to my knowledge and not to my deputy's knowledge, so we're going to have to check to see if there has been research done on that particular question.

But what I can tell you is, quality metrics—measuring quality, reporting on quality—is really our big focus right now. We're moving forward pretty aggressively when it comes to long-term-care homes. When it comes to hospitals, we're at the beginning of that quality process—

**Mr. Howard Hampton:** I'm more interested in home care, at this point.

**Hon. Deborah Matthews:** And home care is very much on our agenda. We'll find out if we've done any research on that particular question.

**Mr. Howard Hampton:** But your answer right now is, you don't think there have been any studies—

**Hon. Deborah Matthews:** Not to my knowledge, but a lot goes on in the ministry that I'm not aware of.

**Mr. Howard Hampton:** Are any studies being undertaken by the ministry to assess the total amount of home care hours required in each LHIN? In other words, have you sat down and tried to ascertain what the need for home care hours is within each LHIN?

**Mr. Saâd Rafi:** I would say that that is assessed based on each LHIN's partners in their geography, the funds available and trying to determine what the best supports are that can be provided. Should they be long-term care, should they be home care, and then what of the numerous numbers of programs, some that have been discussed today, aging at home and other seniors programs, other home care programs that have been and are in place—and have been in place for many years, in some cases—everything from assisting seniors with upkeep of their homes so that they can feel a little bit more independent, Meals on Wheels, right through to a nurse practitioner coming in post-discharge to help with wound care in the

first week, which is a critical period of time to ensure that those things take place?

Again, I don't think there is one approach that should be or could be applied. These approaches are meant to be guided by the partners that deliver care in the community and the LHINs themselves, when they lay out the plan on an annual basis.

**Mr. Howard Hampton:** I would assume that if the LHIN is trying to do health planning, one of the things that they would want to get their head around is, what was the need level for home care this past year and what is the projected need level for home care this year. I can't imagine how the hell they would do budget planning if they didn't have their head around that.

**Mr. Saâd Rafi:** I guess what I'm saying is—perhaps now that I better understand—that is the methodology, such that you sit down and figure it out on an annual basis, one year ahead, as to what would the needs be, with ability to pay, and then, what services exist.

I think what has been mentioned here about aging at home is another example of trying to be as flexible as possible, geographically dependent. I was simply commenting on—

**Mr. Howard Hampton:** So do you have an overall number for the amount of home care hours, since I would think each LHIN—it seems to me that that would be one of the elementary things that each LHIN would do.

**Mr. Saâd Rafi:** Again, not at my fingertips. We'll have to do that across 14 LHINs, and we'll see if we can—

**Mr. Howard Hampton:** Can we get that?

**Hon. Deborah Matthews:** We'll see what we have.

I think it is important to note that we now have almost 200,000 more people receiving care than when we took office.

**Mr. Howard Hampton:** No debate there.

**Hon. Deborah Matthews:** We made significant improvements in home care. We've increased funding by 64%.

**Mr. Howard Hampton:** That's fine. I just want to know if you've got a number. If you have a number, if we could please have it.

But I also want to know this: How many hospitals are in deficit at this time? What is the aggregate total of their deficit at this time? How many hospitals are projected to be in deficit by fiscal year end? And what is their projected aggregate total of deficits projected to be?

**Mr. Saâd Rafi:** We are into the third quarter of the fiscal year 2010-11. There is an expectation that hospitals manage to have a balanced budget, and so we are—

**Mr. Howard Hampton:** But I read the local papers, and—

**Mr. Saâd Rafi:** We are constantly having conversations with hospitals when they identify challenges that they're facing, and we do work through those challenges with the LHIN, the hospital and the ministry, depending on if it's a capital or an operating issue. So until we get closer to fiscal year end, I don't want to presume that someone will find themselves in deficit when they may



not, because they may find ways to work through a one-time challenge that has percolated due to an increased volume in a particular department versus a decreased volume in another department. As you well know, there's an art to managing a budget.

**Mr. Howard Hampton:** Can you provide a list of hospitals that have received top-up base funding in the last 12 months, and the amounts they've received?

**Mr. Saïd Rafi:** Again, I'll note that and we'll do our utmost to try to get that answer.

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**Mr. Howard Hampton:** The 2010 budget papers indicate a 1.5% base funding increase for hospitals but an overall hospital funding increase of 4.7%. Can you give us a breakdown and amounts by hospital in each LHIN for base funding, on one hand, and for all additional funding on the other; for example, post-construction funding, high growth funding, wait times funding—the special categories, the special envelopes whereby hospitals might get additional funding.

**Mr. Saïd Rafi:** I believe Ms. Gélinas asked that exact similar question, and we're trying to compile that across 154 hospitals.

**Mr. Howard Hampton:** I just want to make sure.

**Mr. Saïd Rafi:** We've noted it.

**Mr. Howard Hampton:** Good.

I'd also like to know a full breakdown by hospital for emergency wait times funding, including physician initial assessment funding, ambulance off-load, nurses' funding et cetera. I understand those are all different envelopes.

**Mr. Saïd Rafi:** Yes, except that not all of the three you mentioned are discrete funding items. I don't believe physician assessment—if they are, we'll certainly do our best to provide those as well. By hospital, I take it?

**Mr. Howard Hampton:** Yes, by hospital. Within my own constituency I have some hospitals saying, "How come we didn't get that funding and they did?" I think it's creating some anxiety out there among different hospitals. You have one town here and another town 100 kilometres away, and somehow one got funding through special envelopes and the other one didn't. They're trying to figure out how that happened.

**Mr. Saïd Rafi:** We're not averse to putting in the time and effort; it's just that there are 234 hospital sites in the province, as you know.

**The Chair (Mr. Garfield Dunlop):** A couple of minutes left, Mr. Hampton.

**Mr. Howard Hampton:** I understand that you have the hospital accountability planning submission guidelines for 2011 and beyond—I guess they're called HAPS. When will the new guidelines for HAPS be released for 2011 and beyond?

**Mr. Saïd Rafi:** I'm sorry; I don't have that answer with me. I'll have to get back to you.

**Mr. Howard Hampton:** Okay. Finally, could I get a list of consolidations of services and programs, by hospital, in each LHIN. One of the things a LHIN was supposed to do was consolidate some services, some programs out of, say, four or five hospitals into one. I'd

like to know what service consolidation has already happened and where. I'd also like to know what service consolidation is planned for the next fiscal year, since this is estimates, right?

**Hon. Deborah Matthews:** Each of the LHINs issues an annual report, and in each of those reports they list the integrations within the LHIN. So those are publicly available now.

**Mr. Howard Hampton:** But do they list them by hospital?

**Hon. Deborah Matthews:** Yes, I suspect they do.

**Mr. Howard Hampton:** That's what I'm interested in: by hospital.

**Hon. Deborah Matthews:** Yes, I'm quite sure it would say where the services were—

**Mr. Saïd Rafi:** It isn't always a hospital integration example. It could be a community integration example or an aging-at-home integration example. Where they report on those integration examples—it's on their website.

**Mr. Howard Hampton:** On their website?

**Mr. Saïd Rafi:** I believe so, yes.

**Hon. Deborah Matthews:** Their reports are on their websites, yes.

**The Chair (Mr. Garfield Dunlop):** That basically concludes your time, Mr. Hampton.

We now have another 14 minutes. Mrs. Van Bommel, you've got the first question.

**Mrs. Maria Van Bommel:** Thank you for being here, Minister. One of the things that comes up in a riding like mine, which is very rural, is the whole issue of access. One of the things that has been there for a while has been the community health centres. Something that is new and starting to come into my riding are the family health teams. I just wondered if you could explain for us the difference between a community health centre and a family health team—or are they essentially the same thing?

**Hon. Deborah Matthews:** Thank you for the question. I will give this my best shot. I probably will leave some things out, but I'll do my best.

The issue you raise—in a rural area, access is a different kind of question than it is in an urban centre, because we did not used to have the ability to actually direct geographically where practices would be set up. So doctors could set up practice wherever they wanted to live and wherever they thought they could get enough patients. Now, because of family health teams and nurse-practitioner-led clinics, we can actually make decisions about where those teams or clinics will be located based on where the need is the greatest. That's why if you look down the list of where our family health teams and our nurse practitioner teams are, you'll see they're opening in places like Omeme, Ontario. I was with Rick Johnson opening the Omeme family health team. I'm not sure that there would have been that kind of health care provided there otherwise. So we've got some levers that we didn't have before.

Family health teams are primary health care. They are a team of physicians and allied health professionals, including nurse practitioners, nurses, social workers,

dietitians, physiotherapists—a range of allied health professionals. A community health centre has the same. I think one of the differences between a community health centre and a family health team is, the family health team rosters patients, so you become a rostered member or patient of that family health team and you get your services there.

Community health centres are different in different parts of the province. Traditionally, community health centres have been located in urban centres and designed to serve a high-needs population. The community health centre in London, for example, is on Dundas Street East, a satellite in northeast London providing care to people who have high needs—high health needs, low socioeconomic status, a high immigrant population. They're really designed to serve people who have been underserved by the health care system. But again, they do bring together a team of health care providers to provide support for people.

In other parts of the province, community health centres serve the general population and might be indistinguishable from a family health team. I was with Lou Rinaldi at a community health centre in his community, and they serve the general population of people in that community, but were located because it was an underserved area. In that case, it was a hospital that had been closed down and has found new life as a community health centre.

They're different models, but they both provide holistic care to their patients.

**Mrs. Maria Van Bommel:** Thank you. Do we know how many family health teams we have in the province now? Do we anticipate having more in the near future? What's your sense of where they'll be located?

**Hon. Deborah Matthews:** We actually committed to opening 200 family health teams in the province of Ontario. We have now announced the final wave under that 200-family-health-team commitment. Many of those family health teams have many, many different sites, so when they're all up and running, three million Ontarians will actually be provided care through a family health team. It's really changed the landscape of primary health care in this province.

I can tell you that they're a very popular model, popular with patients and popular with the people who work there.

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I met a physician who's just graduating in family medicine, and he told me that he went to where he could find a family health team; he wanted to work in that kind of collaborative practice. He didn't really care where he went to practise, but what he did want to do was practise in a family health team model.

It's a model that is being embraced by our new graduates. They really like the collaboration and having a much wider array of expertise right there in that one place. They know that they can provide excellent primary care, but if somebody needs the services of another allied health professional—a dietitian, for example—there's a

lot of comfort in knowing that there's someone affiliated with that family health team that will provide that care.

It's an exciting model. We've gone from zero to 200 in seven years.

**Mrs. Maria Van Bommel:** Certainly, I know in my own riding there's a number of community groups who are clamouring to have a family health team because of the fact that they've seen it in neighbouring communities and have seen what a success they are. The whole issue around recruitment of new physicians has been eased quite a bit by the fact that, as you say, many of the young graduates want to work in a family health team.

Thank you very much for your responses.

**Hon. Deborah Matthews:** Thank you.

**The Chair (Mr. Garfield Dunlop):** Mr. Craitor?

**Mr. Kim Craitor:** How much time do we have, Chair?

**The Chair (Mr. Garfield Dunlop):** You have about six minutes left.

**Mr. Kim Craitor:** Good. Thanks. I have a couple of questions and for the record, I just want to share a couple of comments.

When I was first elected, before I was an MPP, I learned the best resource you have for getting information is the front-line workers. I just want to put on the record that I remember—and I still do it—I'd go down to the hospital, I'd go downstairs and have coffee with the nurses or any of the staff who were there. I remember asking them, "Why is our emerg so backed up?" They were explaining to me—especially the ones who have nursed for many years—"Kim, this is how it works. If I take you upstairs and walk around with you, I will show you that half the people who are in this emerg don't belong here. They come in because they want to get their prescription renewed, they come in because they have a cut in their finger, but this is where they go: to the hospital."

They were explaining me that at one time, hospitals were really emergency hospitals. When there were emergencies, they'd come in. But as time went on, it became almost like a walk-in clinic. Everybody just showed up there, so it built up.

What they said simply was, "The government has to look at a way of redirecting those people somewhere else so they can get the service, so we can get back to being what we were: truly an emergency hospital." What they told me—I never forgot this—they said, "Kim, what you've got to do is charge \$10."

I said, "Oh my God, if I ever charged \$10, they'd demonstrate in front of my office—\$10 for every person who comes in there."

"Then they'd have an appreciation for health care. They'd at least think a little bit."

I said, "Well, that's never going to happen."

The only point I'm making is that when you talk about redirecting the physician-led clinics, the family health teams or the community health centres—I know from my riding, whether it's Fort Erie—and we have a Bridges out there that has over 2,000 people who are registered—or



Niagara Falls, between the community health centre and the family health team, we've probably got at least 3,000 who are registered between both of those who go there. We just got the new family physician-led clinic, and there's just an air of excitement; I hear it from the people in the community.

The point I'm making is that we're redirecting in the right direction, because we're offering a service—they should be entitled to it—but it doesn't have to be that you go to the emerg. The emerg can get back to being what it was: a true emerg.

I do have a question, though. This is to do with generic drugs. I want to tell you something: When we implemented this change to the generic drugs, just for the record, I personally probably visited about 30 pharmacists. I have to say that I learned a lot about what they do. It was far more than I thought, which was just renewing drugs. I learned that they give out a lot of great advice. They even call doctors when they look at a drug prescription and say, "I don't think you should be taking this because you're already taking this drug. I'd better call the doctor. I'd better check with him." So they do a lot of wonderful things that I didn't realize.

But I remember saying to them that we were doing this because we were trying to bring down the cost of drugs—because we are the largest purchaser of drugs—and there are people who pay for their own. And what we were going to do is reinvest it. It wasn't like we were just going to save money. We thought we were going to reinvest it and be able to cover other drugs that we have not been able to.

So the question is pretty simple: I just wondered, are we at the point where you can share that we've had some savings? And have any of those produced the fact that we've been able to cover some drugs that we haven't been able to yet because we had some savings with the reduction? Or is it still too soon to tell that?

**The Chair (Mr. Garfield Dunlop):** I'll give you a couple of minutes, Minister.

**Hon. Deborah Matthews:** Sure. I'll do this quickly. The round of reforms on drug pricing that we did just recently was actually round 2. Round 1 was in 2006 when we changed the pricing of brand name drugs. Since then, we've been able to fund 109 brand new drugs, 44 new cancer drugs and 62 new generic drugs. I'm going to give you just some examples; I happen to have them here. Gabapentin is for people with epilepsy. It used to be on exceptional access, and now it's covered under the formulary. A drug called Januvia for people with type 2 diabetes; Zeldox is now on the formulary. That's for people with schizophrenia and for bipolar disorder and other related disorders. There's a drug called Torisel, for people with kidney cancer, and Vidaza, for people with certain types of leukemia.

The pharmaceutical companies are engaged in significant research and trials. They are making extraordinary strides in allowing people to be treated through drugs as opposed to perhaps surgery or other interventions. These

are drugs that keep people alive at a higher quality of life. We want to be able to add new drugs to the formulary.

Because of the savings that we will accrue and are now accruing as a result of our changes, we're able to add new drugs.

We're also able, as I said earlier, to expand the role of pharmacists. I actually met with a pharmacist in Ottawa last week. He told me he was a third-generation pharmacist. He was kind of thinking he might go into another career. With our changes, he said, "I'm now feeling rejuvenated. I think that there's now an opportunity for me to actually practise my full scope of practice." That's pretty exciting for pharmacists. I think that these are important reforms.

**The Chair (Mr. Garfield Dunlop):** Okay. That's great, committee. We're just right on time.

We have a few little votes here to clean up before we adjourn.

**Hon. Deborah Matthews:** Chair, actually, could I also take a moment before you get into that?

**The Chair (Mr. Garfield Dunlop):** Yes, sure.

**Hon. Deborah Matthews:** I just want to say thank you to our ministry staff, a team of people who have prepared all this information for us. They've done a wonderful job. I want to say thanks to the committee. You had some very interesting questions. The legislative staff, I really appreciate all the work that has gone into making this process work.

I also want you to know that we have been able to pull together answers for some of the questions that have been asked. We can share those with committee members and with the clerk.

**The Chair (Mr. Garfield Dunlop):** Thank you very much, Minister, and thank you also to the staff of the Ministry of Health and Long-Term Care.

We will now deal with the votes. Shall vote 1401 carry? Carried.

Shall vote 1402 carry? Carried.

Shall vote 1403 carry? Carried.

Shall vote 1405 carry? Carried.

Shall vote 1406 carry? Carried.

Shall vote 1411 carry? Carried.

Shall vote 1412 carry? Carried.

Shall vote 1413 carry? Carried.

Shall vote 1407 carry? Carried.

Shall the 2010-11 estimates of the Ministry of Health and Long-Term Care carry? Carried.

Shall I report the 2010-11 estimates of the Ministry of Health and Long-Term Care to the House? Agreed.

Thank you very much to all the members of the committee, and thank you once again to the minister, all the staff and to the research department here, and the Legislative Assembly staff.

With that, the meeting is adjourned and we'll meet tomorrow afternoon with the Ministry of Economic Development and Trade. Thank you.

*The committee adjourned at 1800.*











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# Official Report of Debates (Hansard)

Wednesday 17 November 2010

# Journal des débats (Hansard)

Mercredi 17 novembre 2010

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Ministry of Economic  
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## LEGISLATIVE ASSEMBLY OF ONTARIO

## ASSEMBLÉE LÉGISLATIVE DE L'ONTARIO

STANDING COMMITTEE ON  
ESTIMATES

Wednesday 17 November 2010

COMITÉ PERMANENT DES  
BUDGETS DES DÉPENSES

Mercredi 17 novembre 2010

*The committee met at 1618 in room 151.*MINISTRY OF ECONOMIC  
DEVELOPMENT AND TRADE

**The Chair (Mr. Garfield Dunlop):** We will call the meeting to order. Good afternoon, ladies and gentlemen, members of committee, Minister Papatello and all the staff from the Ministry of Economic Development and Trade.

We are here this afternoon for the consideration of the estimates of the Ministry of Economic Development and Trade for a total of six and a half hours. The ministry is required to monitor the proceedings for any questions or issues that the ministry undertakes to address. I trust that the deputy minister has made arrangements to have the hearings closely monitored with respect to questions raised so that the ministry can respond accordingly. If you wish, you may at the end of your appearance verify the questions and issues being tracked by the research officer here.

I now call vote 901. We will begin with a statement of not more than 30 minutes by the minister, followed by statements of up to 30 minutes by the official opposition and the third party. In that time, of course, you don't have to make a statement. You can go right into questions to the minister. Then, the minister will have up to 30 minutes to respond for her reply. In that time, Minister, you have to spend all the time responding. It's not a question-and-answer period from the government members. Following that 30 minutes, we'll go right into 20-minute rotations until we complete our time.

With that, I should point out that we are done next Tuesday afternoon regardless. That's the end of the estimates for this year. So when we finish off this afternoon, any time we spend Tuesday morning and Tuesday afternoon will be the end of estimates for this year.

**Mr. Bob Delaney:** We'll miss you.

**The Chair (Mr. Garfield Dunlop):** I know you will, but you'll see me in question period.

With that, Minister Papatello, you have 30 minutes to start. Please go ahead.

**Hon. Sandra Papatello:** Thanks, Chair. Would you do me a favour and give me a five-minute mark after 25 minutes?

**The Chair (Mr. Garfield Dunlop):** I will.

**Hon. Sandra Papatello:** Thanks, Chair. I do welcome everyone. We're delighted to be here in front of the estimates committee. We believe we have a lot to talk about in terms of what the Ministry of Economic Development and Trade has been busy doing over this past year, and we're anxious to see the types of questions we might get so that people can get a feel for what we'll be doing in the year to come.

I want to take this opportunity to introduce our deputy of economic development and trade, Wendy Tilford, who began her journey with us as deputy this past February. I think sometimes it feels like longer but sometimes shorter. It's been wonderful to have Wendy Tilford, who comes to us from the private sector and has done a marvellous job since beginning with us in February.

To my right is Assistant Deputy Minister David Clifford. He's in charge of the corporate division. He's essentially the CFO of our corporation. He's the bagman. He monitors all of the money. When our ministry wasn't all three put together, he managed to watch the funding across the small business division, international trade, as well as economic development. Now, of course, we're delighted that we have these three divisions in one ministry, and we see the kind of synergy that's being created across the various divisions. We believe this is a very good thing.

I'd like to take the time as well to note that we have a number of senior executives from economic development and trade who are here in the room with us, representing all of the divisions, so that when there may be questions that are pertinent to that division, we may need some help and call on our assistant deputy ministers or our associate deputy responsible for Open for Business, for example, to come and give us some detail.

I'm delighted to have these folks here. I can tell you that we have experienced some great commentary from the business community in Ontario. We are getting feedback that is very, very positive about how our ministry officials work with business here in Ontario—very professional, doing some tremendous work, seeking out new markets for them, learning of new trade opportunities and getting that information to our business community, and bringing foreign direct investment into Ontario at a time when, frankly, it's been very difficult.

I don't want to paint this too rosy a picture. We have had a tremendous world recession the like of which none of us in our generation have ever seen. We've been dealing with these challenges to find opportunities despite



what's been going on around the world; despite having a dollar that nears parity on a regular basis with the American dollar that, today, has 80% of our trade; and despite this world recession that sees availability of capital for companies who want to make investments and who want to continue to flourish but are having trouble with the banking system.

These issues still persist and these are still the kinds of barriers that our companies find. These are still the kinds of things that we are trying to address on a regular basis. So, while south of the border the US economy receives 80% of our exports, they posted a disappointing 1.6% growth in the second quarter. We're disappointed in that because that's less and it accounts for 80% of our exports.

We watch the US market very carefully because despite many, many governments' good intentions of increasing market share elsewhere in the world, we're still married to the US economy. The good news is that 20% of our exports aren't in the US, and they are growing in markets that are emerging markets, markets that are growing despite a worldwide recession, largely because of domestic demand. We're finding that our Ontario products that are suitable to that growing middle class of people with money to spend in these emerging markets—they are taking a great liking to Ontario products, and that's very exciting.

We believe that we've just scratched the surface of what our opportunities are, yet we've got to look at a comprehensive plan of what we're going to do on all fronts across our entire ministry in economic development for our companies that are already here so that we can retain them and have them grow.

On the international front, we need to seek out new markets, and the markets we are in, we want to do more work in them.

On our small business front, we are working diligently to reach out to our small business like never before so that they're aware of the services that our ministry provides, because when they know of them, then the regular refrain we get from them is, "Wow, we didn't realize that you did this." Half the battle is communicating to so many of them—379,000 of them—the kinds of services we can provide as a ministry to them.

We're delighted to have an opportunity to talk about that in these opening remarks that I hope will set the tone for one, understanding the challenges that we face, and two, we may actually find good ideas that come from this floor from all sides of the House about what else we can be doing to assist businesses in Ontario.

We recognize there have been challenging reports that have been issued that often are contradictory. Just as an example, in April 2010, a monthly report from Statistics Canada reported that manufacturing was the fastest-growing sector of the Canadian economy, ahead of construction, oil and gas, real estate, retail, public admin, and yet in that same month the Conference Board of Canada came forward with a different view, forecasting the manufacturing sector's difficult road ahead. We're often

seeing this sort of bumpy trail of volumes—volumes growing, volumes stagnating—and what that really means, in particular to southern Ontario, where life in the manufacturing sector is strong.

Our struggle: a strong Canadian dollar and the need for Canadian manufacturers to become more innovative, to become more productive, to really address the pressing need to increase Canada's productivity rate. It's not just an Ontario problem, but Ontario is the heartland of Canada's industry, so we see this every day. Canadian productivity has increased by a mere 2.1% while the US rate increased by 9.8%, this despite a world recession. We do see our colleague American companies moving ahead on that productivity score, and we've got to find ways to address them and to identify the things that an Ontario government can do to provide the lever to make a difference on the productivity front. We know that's a huge challenge for us. So I think that against this backdrop it is important to highlight strengths that we have in each of our sectors—to understand which ones are growing, which ones face challenges—and then, whether it's through a budget process or additional services that our ministry, EDT, provides, that we start to address this when we can.

We think we've come up with some good tools since 2003 that have been right for the time, but we've had to acknowledge that our times are changing. Some of the tools that we might have had in place in 2005, like the advanced manufacturing investment strategy, were good for that time but not so good now. As the take-up waned, we had to change up how we were offering our levels of support for companies. For example, as of February of this past year, that AMIS program isn't accepting new applications. It was a half-billion dollar loan program that provided up to 30% of the investment loan to a company, and in exchange that company was committing to at least 50 jobs, a \$10-million investment, and we focused the projects on advanced technologies, innovative practices and retaining and growing high-skilled jobs in a whole variety of sectors. We wanted to do this so we could leverage new investments and enhance Ontario manufacturers' global competitiveness.

All told, we did provide \$150 million in loan commitments to support those innovative projects. Those will generate \$1.1 billion of investments by companies. That, in fact, would create 5,100 new jobs; that's like a couple of Toyota plants. So I think when we do a review, it was certainly 23 separate projects, but all told, a significant number of new jobs being created because we could walk in there and extend a helping hand that tipped the scale in favour of making the decision to invest in Ontario. Some of those programs were for brand new investments; some of them were for expansions of companies that were here. We're delighted at some of its success.

I want to tell you about a couple. Combat Sports is one I'd like to highlight. Phil McNeely will probably remember that Combat Sports is from Ottawa. It's a sports equipment manufacturer. They were granted \$2.5 million in an AMIS loan. They were making recyclable hockey

sticks and baseball bats. As a result of this, Combat Sports will earn the distinction of becoming the first company worldwide to successfully commercialize cutting-edge thermoplastic technology to produce baseball bats and hockey sticks.

For the member from Kenora, I had to mention the example of hockey because I know he'd appreciate that. In fact, I understand that the MPP from Kenora played with my deputy's brother back in the day; or perhaps is still playing, because I know the member from Kenora is still playing hockey.

**Mr. Howard Hampton:** I have a Combat baseball bat.

**Hon. Sandra Pupatello:** And he does have a Combat baseball bat, to boot.

More importantly, the local Ottawa community will benefit. It's a creation of 112 new jobs, and it helps to retain the 47 that they had before that announcement.

Another AMIS announcement of interest involved ITS Electronics, a broadband satellite communications company based in Concord, Ontario—an almost \$3.5-million AMIS loan program. It will design and manufacture advanced satellite and communications equipment with multiple applications, including enhancing mobile satellite communications systems, broadcasting high-definition television signals and providing in-flight or at-sea broadband Internet access. Imagine how this is changing the world for people who are using these various modes of transportation.

ITS Electronics is a good example of an inspirational made-in-Ontario success story. It was founded in 1987. CEO Ilya Tchaplina started his company in a North York garage, and it's grown from there. When I met him, he told me a great story about how he made his first gadget and baked it in his mother-in-law's oven, and he continued to use his mother-in-law's oven as he was making his various prototypes until he could see that he had a saleable product, and then off he went to eventually invest in equipment and take his show on the road. It was just a great day out there to see this great success by this fellow who was originally from North York, and his garage.

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The Next Generation of Jobs Fund was a fund that came out later, again trying to respond to what our focus would be as a government, what kinds of sectors it was we were chasing. You'll remember that the focus there was looking for those cutting-edge industries, cutting-edge companies. Clean tech, companies that were going to focus on the green economy, served as the cornerstone of this government's strategy to stimulate economic growth by creating a sustainable, globally competitive workplace for our next generation of workers here in Ontario. Clean automotive; other forms of clean technology; health biotechnology-related research and development; creative clusters such as the digital media and ICT, the information communication technology sector, a sector that, quite honestly, despite the worldwide recession, has continued to grow in Ontario, as has the

financial services industry here, largely in the greater Toronto area; pharmaceutical-focused research and manufacturing—all of these were beneficiaries of the Next Generation of Jobs Fund.

While it was in operation, we supported 26 projects. These projects leveraged \$3.5 billion of investment from companies into Ontario and secured 7,500 high-skilled jobs. That's about five new Toyota plants. So when you put it in that perspective, that despite the times, despite how Ontario, frankly, suffered before the worldwide recession was dubbed a worldwide recession—we were already suffering from an increasing value in the Canadian dollar; we already started to see the major effects in the manufacturing sector, for example—we still found those companies who were prepared to live on the edge, to take the plunge, to be prepared to take risks. With a little bit of help from the Ontario government, it helped tip the scale to make the investment in Ontario—and in that instance, it was typically between 10% and 15% of what that total investment would be that they would get from the Next Generation of Jobs Fund.

A couple of examples from that fund: The first is L-3 Wescam. I remember talking at the time about this great technology company. We've seen the movie *Titanic*. There's one scene in that movie where they show the two lovers at the bow of the ship, and she's standing at the edge with her arms outstretched, and you see him holding her, maybe wanting to push her off—we don't know.

**The Chair (Mr. Garfield Dunlop):** I remember that part.

**Hon. Sandra Pupatello:** Right. And if you recall, how did they take that most wonderful shot in that motion picture? That was taken with Wescam technology from Ontario. In fact, nine out of 10 of the Oscars that have been won in Hollywood for the last two years running that have been based on technology are based on a technology from Ontario. This is how successful this sector is here. So every time you think of *Titanic*, I want you to think of L3 Wescam technology that has been made world famous.

How did you translate that? That's what I want to know.

**The Chair (Mr. Garfield Dunlop):** He did get a visual.

**Hon. Sandra Pupatello:** He did get the visual; right.

Get this: It's a Burlington-based aerospace company, but the beauty is that this kind of technology gets used across many sectors, and I believe that there are more sectors that can use this technology, which essentially is a stabilizing optical technology. So this helicopter was going around the bow of the ship, but the technology was allowing the camera to be still and take a perfect, pristine picture while it was doing so. That's the technology that was discovered by L-3 Wescam.

They are an aerospace-based customer. We supported their big project with \$17.5 million. It was a loan from the Next Generation of Jobs Fund to develop more technology, the next generation of their imaging technology, and because of that, the company will create 375



new jobs here in Ontario. This is really exciting. This, at a time when the whole world was coming to grips with what kind of recession was coming to the world.

This project also reinforces our role as a leading player in aerospace. Aerospace goes through ups and downs around the world—emerging markets getting into it, looking for partners etc. But where we play in that game is in all the cool stuff. The environmental systems in an airplane—if you're breathing clean air, it's because of Ontario technologies—the dashboard of the airplane, that's the kind of stuff we do. All of the next generation that aerospace industry requires—they're getting all that cool stuff from Ontario, not to mention the landing gear: 70% of the planes that fly up in the air in the world land on Ontario landing gear.

We've got two great companies here in Ontario. Ontario hosts the world's largest test facility for landing gear, Goodrich, and they do a great job of that. So when you look at all of these new, huge aircraft coming out of Boeing or EADS, they're chasing our companies here in Ontario. A company like Héroux-Devtek, that makes the massive shafts that are part of that landing gear—they just had a massive investment in the Kitchener area. Why? Because they're chasing and getting more and more business for the world aerospace business. We're very excited about that.

Another success story is Ubisoft. Ubisoft is in the digital media sector, which is a subset of the information communication technology sector. We knew that because we've got these great schools producing great graduates who work in the digital gaming sector—they were all going off outside of Ontario to actually land a great job. These are jobs that start around \$80,000 to \$90,000 a year. So they walk out of a university or college program and they're landing terrific jobs, but they're not staying in Ontario because we don't have enough of those companies here to be hiring them. We needed to change that.

We started meeting with the digital media association that represents these companies we have and they said to us, "We need a publisher here." Very much like the automotive sector, if you've got the assembler, if you've got the Ford, Toyota, Chrysler, GM, Honda, you will get the supply chain. What Ontario has in digital media is the supply chain; we need more of the publisher, the guy at the top. We committed to them that we would chase a publisher until we landed them. It took two years, but we landed Ubisoft, and with some support from the Next Generation of Jobs Fund, we did just that. This company alone is creating 800 jobs in the Toronto area in the digital media sector, and frankly, it put Ontario on the map, because Ubisoft is one of the world's largest digital media companies and everybody in the world was calling to say, "What is going on in Ontario in this sector?" It created the kind of buzz so we could talk about the great skill sets that you find.

They came to Toronto because when they make games today in that sector, they're making them for the world. They know that if they have to change the culture or the

language of one of their games, they can sit right here in Toronto and find that kind of diverse workforce that can service the whole world from the same space. More to the point, they're finding very cool space in Toronto, so we're going to hear more about Ubisoft and their growth here in the Toronto area. That's the kind of exciting activity that we've had, and we've had some great successes despite being in the centre of a great recession.

A couple more I thought I'd bring to show you: This is a product from Dalsa. Dalsa is a company in Kitchener—we were there not too long ago making an announcement—and they are creating jobs in the Kitchener area. This is the next generation of digital imaging technology. Manufacturers around the world use Dalsa cameras to visually inspect products on the assembly line. It's like an error technology: It helps companies make perfect product.

They took the guts out of this particular camera because apparently, with the guts in it, the value is about \$1,500 for this little box. That's the kind of really cool stuff that we're making in our companies here.

We've got Electrovaya, another company that we assisted. This is just a piece of the lithium ion super-polymer battery that we make right here in Mississauga. The beauty of Electrovaya is that they are landing contracts with international companies—not companies here in Canada; companies around the world—who are looking for their battery because they're supercharged. In the same space of battery, they can infuse more power and energy than your average battery bears.

We're pretty excited that we've got one of these hot battery companies right here in our own backyard. When we were meeting with Volkswagen not that long ago in Germany and I was talking to the fellow in charge of their electrical program, or electrification of their vehicles, I said, "You haven't heard of Electrovaya, but you need to meet these people." That's our job. We set them up, every time we have an opportunity to sell our great company and their products from Ontario.

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There's another company. This guy is in my hometown in the west end of Windsor. It's called Supersonic Spray Technologies. He actually let me try his product. It's like a gun. He services the aerospace and military industries, and that's just the tip of the iceberg. It's actually a product that shoots minerals at such a high speed—supersonic, literally—that it gets to essentially weld without welding. So once they've shot this mineral, it liquefies it. I tried to do my name on this particular little thing. I tried to make an S. I could have, if I were any good at it, but it actually is so strong, it's stronger than the original. Think of a massive cast-iron piece in the railway industry or the shipping industry: Instead of having to throw away the whole thing, you could use their supersonic technology to actually fix it, and the metals are stronger than before the break. This is fabulous technology, and we're now helping this company take their product around the world. It's very cool, and plus, guys like to work with guns, apparently.

Here's the last little piece that I brought you for show and tell. David's going to help show what this is. Many of you won't recognize this because I hope none of you need to use it. This is an airbag. This particular airbag goes into the Volvo, in the Audis—anyway, this is from Autoliv in Tilbury. We were in Tilbury visiting this company—I'll keep it here so everybody can see; it's an airbag. They have a woven technology using their machines, highly skilled training on these machines, to weave this fabric better than anyone else. It's very lightweight, so we can give our automotive sector this kind of safety feature without adding the weight to it, which is important because of fuel efficiency etc.

We went to Autoliv; we did an announcement about lean manufacturing. We worked with EMS, an organization that works with companies in the manufacturing sector to do training on lean manufacturing. A minimum investment by our ministry, at that point, I think it was about \$800,000, would service multiple companies all getting training so all of them could see where in their processes they could tighten up and become more productive. Those are the kinds of programs we've been focused on where we know that sometimes it's just a little bit of money but it has a tremendous impact out there in the world.

My deputy was at a speech last evening by the CEO of Home Depot, Annette Verschuren. Annette was talking in her speech about an upcoming event with Home Depot. Unprompted by our ministry, she was telling the whole crowd that the Ivey School of Business brought together about what they're doing with our ministry.

We are collecting all kinds of companies who are going to show their wares. Their best new product in the clean space—an eco-friendly product—and we get together; develop a supplier fair; work with one big company, which has major retail opportunities across the province and the country. We come together, and in one day, Home Depot gets to meet our Ontario companies and actually have a look and see which of their products might work for them on their store shelves. They may pick several, and when they do, they're going to watch and see how those products move off the shelf. And when they do well, Home Depot is prepared to take their product and put them across their whole chain.

This is an opportunity for moving product by a small Ontario company where they'd never have access to the right sales team within Home Depot to get their product into such a big chain. We've done these kinds of supplier fairs with all kinds of big companies. We've done them with Walmart; we've done them with other—

**Interjection:** Canadian Tire would be another one. Yeah, the three big ones.

**Hon. Sandra Pupatello:** The three big ones: Canadian Tire, Home Depot—this is going to be our second one with Home Depot—

**The Chair (Mr. Garfield Dunlop):** You've got five minutes left, Minister. I know you're really into this.

**Hon. Sandra Pupatello:** I'm on a roll, Chair.

This is big news. We've had other programs that are seeing some great success. The eastern Ontario develop-

ment fund was a response by our government to approach a region of Ontario that quite frankly sees chronic issues in terms of their economy, chronic unemployment where they don't want to see it. We decided that we would focus one program—it's not a big one; it was \$80 million over four years—but we would target eastern Ontario so we could give that little bit of a helping hand to a region in Ontario that could land companies.

The definition to access that fund was different from the other ones that were province-wide. It was a minimum of a company being able to create 10 jobs. The maximum that we would give to any one project was \$1 million or \$1.5 million. But what we're seeing is great success. Often that little bit of money that we can put towards these projects is just enough to tip the scale. It's enough to allow that business to go to the bank and say, "The Ontario government is behind us on this one," and they're going to get that loan that they're looking for, because often the Ontario portion is a minimal portion of the total investment required in that project.

The Ontario government needs to be smart about this, too, because we know we've got to be risk-averse. I have to tell you that over the course of the four years that I've been at these economic portfolios, we've had a very good track record in the companies that we're selecting to partner with. We're seeing how it gives them that kind of confidence to take that plunge and make that investment in Ontario exactly when we need it.

We've had other funds. The communities in transition fund was a response that we developed in 2007 when we saw that communities, especially the ones that were hard hit, needed to have some kind of game-changing plan for their community because they were the ones hit very hard by the economy. We created a small fund—it was only \$2 million per year—yet we could take that little bit of money and offer it up to communities that were going to do new economic development plans.

Some of that money went to the economic development officers of Ontario, an association where we were helping to train all the economic development officers across the province to be at that same level of capacity so that none of our communities would miss an opportunity when they had a knock at the door from a company that was prepared to invest. These are the kinds of investments that we believe have been really worthwhile. These are the ones that we want to continue.

We want to continue to champion taking Ontario to the world. I just got back from China. We spent several days there meeting companies that want to invest in Ontario. Huawei: Some of you may have seen the investment that they're prepared to make in the auto area. A little bit of help from the Ontario government is landing one of China's biggest telecom companies right here in Canada. This is a company that started out with a sales office here and started garnering business right across the country and has now landed a research and development facility in the Ottawa area, where we know we've got all kinds of great, highly skilled workers, very competent people, in the ICT sector. We're excited that we can show proof that the international work we're doing is really tremendous.



We brought some 20 companies with us to Germany at the beginning of October. We had personal intervention with the executives of Volkswagen because that is a company that's placed in North America but needs suppliers—good ones. We know that Ontario has the best automotive supply chain in the world.

Even through a recession, Ontario is still producing more cars than any jurisdiction in North America. We're really proud of that. We want to continue that kind of work.

We want to take Ontario's message to the world, talk about the great workforce that we have and talk about the education system that guarantees them that, when they make a long-term investment in Ontario, they're going to have a great workforce in 20 and 30 years. If I have the opportunity to speak about how our education system parlays great speaking points for our sales pitch when we're abroad, I'll be delighted to do that also.

Chair, I appreciate the opportunity to speak about some of the work of the ministry. I hope I have a chance to speak about some of the other successes and what we recognize are our challenges, given the economy. We always know that we can do more, and we're prepared to do more.

**The Chair (Mr. Garfield Dunlop):** You did that pretty close; right down to the last few seconds. Thank you very much, Minister.

We'll now go to the official opposition. You have 30 minutes to either make a statement or ask questions etc.

**Mr. Peter Shurman:** Thank you, Minister. That was an interesting presentation. I'm here with my colleague Mrs. Munro. We'll share the half hour we have.

I want to get somewhat granular—I'll save that for next week—on some of the funds, but I think today we'll spend the time on the macro unit. First of all, let me say that your enthusiasm is quite palpable. I've never doubted for a moment that the goals that we have for Ontario are not very different; the approach that we have might be.

When I called you the grande dame of the theatre last session—

**Hon. Sandra Pupatello:** I wasn't offended.

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**Mr. Peter Shurman:** Well, you shouldn't have been, because it was a compliment, even if it went over the Speaker's head—the bottom line being, we need a great salesperson to go out on our behalf, and I think that in the context of Liberalism, they've chosen the right person. Having said that, when you become passionate, as you have, about some of the things that your government has accomplished, some of the companies that exist in Ontario and how you approach what you're doing; when you're on the defensive and pointing your finger at me across the way in the House, what you suggest by doing that is that we're not on the same page when it comes to promoting Ontario.

Again, it comes down to, you like to point out all of the companies that are doing great business in the province—we don't dispute that; there's some great ingenuity here—and the involvement that you've had in them. We

like to look at promoting a sector, for example, by changing the rules of the game for everybody so that we would attract investment on a broader scale.

I want to talk to you now about how you see what we're doing and your references, which you made many of, to the recession—which, if memory serves, ended about five quarters ago in a technical way, but not in Ontario in a very palpable way. I want to give you some figures, and I want you to react to them and tell us what you think your government is doing to address these, because Ontario seems to be—and I've said this in the House—showing indicators that should be going up going down, and showing indicators that should be going down going up.

Let me be more specific than I can be in a question in the House. The consumer price index: The most recent figures that we have show an increase in Ontario of 2.9% in the consumer price index, when the figure in Canada as a whole is 1.9%. So we're a full per cent over on inflation in Ontario than anywhere else in Canada. One could chalk that up to the introduction of a new tax in July. But if you look at British Columbia, which introduced the same tax in July, it's actually below the national number, at 1.6%. So that's a negative for Ontario families and people who want to spend in Ontario or have to spend in Ontario.

Employment insurance: If you take a look at the number of people in 2009 who were claiming EI, it has dropped by 15,000, but in the same period of time welfare claims have jumped by 20,000 in the province of Ontario. Job numbers that came out today have negated all of the gains that we made in the summer, which weren't particularly good gains. So our job numbers are not good. We're showing a slowing now in GDP, which was modest to begin with, in Q2, the most recent numbers that we have. I'm talking about Ontario now, not Canada.

So we have a problem, and the problem is not whether you promoted a company in my riding, in Concord, that does great things in HD television. That's terrific. I'm glad that they're succeeding, and I'm glad that Ontario is making more cars than any other jurisdiction. I am concerned and the PC caucus is concerned and I think the people of Ontario are concerned about where the jobs are coming from in the future and what you're doing on a macro scale to address the fact that everything here doesn't look good.

**Hon. Sandra Pupatello:** Thanks. I appreciate that. I also appreciate the quips that my critic from the official opposition makes in the House, because I think you've got a great sense of humour, and I think you bring the right attitude toward the work that this ministry does. There are many of us who believe in the same things about what we want to see for the people of Ontario. We want everyone to have a great job. We want them to have the job they're looking for.

Since 2006, when I became involved in this portfolio, my focus has been to break our work down across sectors. It's been very informative and instructive for us to do it in this manner. I don't think folks necessarily realize how dependent we are on the world economy here

in Ontario; more so, in my view, than any other jurisdiction in the country, because we've got the benefit of having so many diverse economies within those clusters. We're not dependent like Alberta is on the price of oil—and they've had great gains, of course, and it's been based on the price of a barrel of oil.

I will get back to you on the economics question regarding the difference in the consumer price index, by the way, because there are things related to inflation. I wish that the Ontario government had levers that could control some of those figures that you speak of. I will get some detailed information and get an answer back for you on that particular question.

What we recognize is that Ontario is the biggest engine in the Canadian economy. It is today; it was last year. Some wanted to dub Ontario, probably in a joking way, a have-not province. It's funny, actually, that we would ever be considered that, because despite what we're called, we are the biggest contributor to the federal government—over \$20 billion. One formulaic calculation resulted in us receiving \$300 million back. It is exactly that: It's a function of the formula. We are still the biggest engine in the country.

When you look more closely at what makes up our economy, you realize that the automotive industry and its volumes—people will say, "Oh, well, that's not the biggest sector anymore." Manufacturing is such an important sector to our economy because it has the biggest multiplier effect in its region.

You may have Toyota—and Toyota's a most wonderful company to have in Woodstock. It's not just about having Toyota; it's about having Boshoku, Toyotetsu—all of the suppliers who also are hiring people, who we've also brought newly into Ontario. Those are all those kinds of jobs. That's how that sector differentiates itself against other sectors.

Yet it isn't even about how Canadians are buying our cars, because Canadians are buying more cars than Americans are on a per capita basis. Canadian sales have grown. I talked to the Chrysler CEO the other day—it's 30% year over year. This, as we're still coming out of a recession.

Technically, people will say what they will, and I'll let the economists speak. What I hear on the ground is we are still very much in challenging times in Ontario. It isn't even a function of, can we see the end of it? Sure, it's getting better: Our companies are starting to breathe a little bit easier. But things are still tough out there.

**Mr. Peter Shurman:** Well, Minister, with respect—

**Hon. Sandra Pupatello:** I'll just end with this, then. Depending on the sector, it depends on just how tough that sector is finding it. The automotive sector is still in challenging times. Its volumes have been increasing, but it's still nowhere near its heyday of the volumes of 2005 and 2006. Yet in the financial service sector, those jobs are growing. You see the job numbers' growth. But as we compare ourselves—and you want to compare to like jurisdictions, I suppose—the job response, based on the recession: We have garnered back 75% of the jobs we

lost pre-recession, compared to our American counterparts, who have gained back 10% of their jobs—

**Mr. Peter Shurman:** I don't want to compare what we gained against like jurisdictions; I want to compare with what we've gained back, based on what we lost. In other words, I want to look at Ontario and I want to compare it to Ontario. That's what I'm interested in.

I show you great respect, so I really wish you would show me a little more respect in the sense that I'm asking you a legitimate question—don't look so surprised. I am not sitting in the audience listening to you while you lecture the Economic Club; I am here as another MPP, asking you a question about where we were and where we are and the fact that under this government, we were losing jobs, as you well know, long before there was a recession on a worldwide scale or affecting Ontario. I was here two years ago when your Premier was saying things like, "This too shall pass," and was flogging us on a daily basis in the Legislature on the basis that we had left, purportedly, a \$5.6-billion deficit, which pales in comparison to what's there today.

So what I'm asking you about is the fact that the conditions for success in Ontario by these indicators are not good conditions. I want to know not about how wonderfully we're doing, given the fact that we have 40% of the population—of course we're manufacturing more than any other jurisdiction in Canada—but how are we doing against ourselves? I would suggest to you that the answer is, "Not very well." So talk to me about that.

**Hon. Sandra Pupatello:** I think I'm going to tell you that coming from Windsor as I do—that's my hometown—I will tell you that job loss in manufacturing started in 2001. That was the year that the Canadian dollar, against the American dollar, started rising. It affected the automotive sector first, then it moved to other parts of the manufacturing sector.

Because my hometown is a perfect example of what was happening in southern Ontario, which has the greatest concentration of manufacturing, they started seeing the impact of a stronger dollar in 2001-02. Minister Flaherty at the time, who's now the federal minister, acknowledged this in two successive budgets when he was the finance minister here in the province, because we saw that it was happening. That's why I said during my remarks that Ontario felt the recession long before it was called one by the rest of the world, long before the financial crisis then took it and swept it literally worldwide.

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I'm acknowledging that we're not out of the woods, that we still have more work to do, and we have not regained our footing in some sectors specifically from our pre-recession position. Manufacturing is absolutely one of those that affects many of us, largely in southern Ontario.

But since the recession, Ontario has gained back 75% of those jobs, compared to other jurisdictions that also have heavy manufacturing bases—a 10% regaining of



those jobs. That's how Ontario has done: 75% back from where we were.

The difference is that when you look at them, the jobs have moved across the sectors. That's why I mention to you that through our ministry, we're looking at the lens by cluster, because each of those clusters is impacted in different ways by what is happening around the world in their industry.

I'll give you aerospace as an example. It's flourishing in India. It's flourishing in China. It's slower in America. So depending on who our suppliers are chasing, we've got to get our aerospace supply companies into the emerging markets that are growing and still maintain the position they have with big, great companies like Boeing.

When it's automotive, we can't just have our automotive supply companies feeding our traditional five assemblers in Ontario. We've got to get them into the growth markets in the southern states and the German markets like VW, which also has a footprint in the southern states. So when you look at our behaviour, we're responding to what we know their issues are in that sector, because we've talked to all of those who know where the predicted volumes are going to go in North America.

It will take us years to get back to an 18-million unit of automotive in North America. If we don't find new markets for our automotive supply companies, their volumes are never going to creep back up like they were three or four years ago, so our guys are still going to be unemployed, and we can't have that. We need to get them to diversify what they manufacture.

When you hear that we brought 200 companies out of Alberta, many of those companies were automotive companies, and when we start engaging them with the mining sector—we've got a shop floor in Ontario where five years ago 100% of that manufacturing work was all related to the automotive industry. Today, if you walk that shop floor, you will see orange buckets that they're making for a Norway mining company; then you will see a whole portion dedicated to the green energy industry; then they have a portion dedicated to the oil and gas industry. That's exactly the kind of behaviour that we want to encourage, so that our companies are no longer just beholden to what's happening in that cluster. Give them the opportunity where we know there's growth in oil and gas—so our focus in Alberta has been for obvious reasons. There's business to be had there, and we have the manufacturers who have the capacity in their plants to feed it because they've lost volume, because automotive hasn't regained back to its pre-recession levels.

**Mr. Peter Shurman:** Automotive isn't going to regain back to its previous levels, and we both know that, because of the nature of that business in North America and the nature of that business in the world, for some median term at least; at least until the fleet has to be replaced.

**Hon. Sandra Pupatello:** I'm agreeing with you.

**Mr. Peter Shurman:** I think we can both agree on that. So let's talk about the fact that we're not going to bring Ontario back to where it was by sending Minister

Pupatello around the world to individually sell all these people on coming to—I know you think you can, but you can't. Not without my help, anyway—but that's next year.

Having said that, there's a thing called venture capital that doesn't come to Ontario anymore. It used to come in its billions, and in the past seven years, interestingly enough, has dwindled away to virtually nothing.

You went to Israel, by way of example—and I'll talk to you more about that later—looking particularly at life sciences as an interesting industry, which is flourishing, as I understand it, in the province of Quebec, which has made way for venture capital by changing its tax structure. You have a fund, under the Ministry of Research and Innovation, that sits at \$150 million, to co-fund venture capital investment, and there has been no uptake in two years. What is your government doing to encourage investment on a broader scale with that?

**Hon. Sandra Pupatello:** I don't want to push off any questions, because I'm really enjoying our interaction here, but I will see if I can get you some detail on a report regarding the venture capital fund. It is a different ministry. It's managed by the Ministry of Research and Innovation. I'd be happy to share that with you.

I have to tell you that this phenomenon of how to get more venture capital into Ontario is an ongoing challenge. The government has tried since 2003 to consistently work at breaking that egg. How do we make more of that come? I've got to say that in 2003, when Dalton McGuinty became the Premier, he was the first Premier to actually create the Ministry of Research and Innovation. I appreciate that was before we had the advent of Shurman in the Legislature, but nevertheless, he started the Ministry of Research and Innovation for the express purpose of having a greater focus of the Ontario government in this sector to deal with issues like venture capital. Then they launched more than one fund. The latest that you probably followed was the emergent technologies fund, which the industry actually asked for. They said, here's what we need to do, and the emergent technologies fund, which is the latest one that is now out there, actually has the private sector making the decisions so that people aren't watching the government make decisions in an area that they may or may not have the expertise in. The private sector takes the lead, and then the government will match that funding in these innovative start-up companies.

I believe that there is more work to do. Our ministry works and advocates with the Ministry of Research and Innovation, and I will see if there may be a report available so that you can see what take-up there has been in the fund that you referenced today.

**Mr. Peter Shurman:** I'd appreciate that.

**The Chair (Mr. Garfield Dunlop):** Yes, Ms. Munro?

**Mrs. Julia Munro:** I want to change the focus here because—

**The Chair (Mr. Garfield Dunlop):** You have 13 minutes left, by the way.

**Mrs. Julia Munro:** Okay. As you know, Minister, I'm responsible—I'm the critic—for small business and red

tape. You will no doubt recall that there was a promise made about reducing the amount of regulation in Ontario by 25% in the next two years. Obviously, representing the voice of small business in our caucus, this is the kind of issue that they really want an answer on. My question is really two-part: How many regulations were there or are there in Ontario? Then, have you reduced it by 25%?

**Hon. Sandra Pupatello:** I appreciate the question, because I think that every government, regardless of political party, is trying to make a serious dent in the issue of how government interacts with small business. I watched, while I was in opposition, frankly, the Red Tape Commission, and I remember clearly there were some Conservative MPPs, who you would know, who donned trench coats to do a photo op of the launch. You probably remember that. I was mocking them in the House. I remember saying they're flashers and they don't have anything on under the trench coats, as I recall. That was my quip in the House.

*Laughter.*

**Mr. Peter Shurman:** It was true.

**Hon. Sandra Pupatello:** It was probably true—no, I'm sure they had something on under there.

Anyway, I remember it because at that time, I remember that there probably had not been a serious look at the regulations for decades, I think it's fair to say, so there would have been a lot of low-hanging fruit. In fact, I remember examples of the red tape that was cut at the time—regulations like, "You're not allowed to park your horse and buggy in front of the saloon directly." It was that kind of regulation, a regulation that would have been on the books since 18-something, since before Confederation or before the tectonic plates separated—finally, "Let's just clear the books here."

When we look today at what the kind of regulation is that business needs to see smoothed like that, that they need to have an easier time of interacting with government, it became a much, much greater challenge, because quite frankly all the low-hanging fruit was gone. That was done in an exercise that lasted some four years and had full-party support, as I recall—the NDP supported it, the Liberals supported it at that time—because you want to make life easier for business.

So we decided that when we took on this challenge, we'd launch Open for Business. It was a very different way of doing things. It wasn't a matter of "the count"—although I have to say that I don't know the count off the top of my head, but I'm going to endeavour to get you that specific information in response to your specific question.

The process, though, is as important as what the count is. What we decided to do is launch Open for Business. Before we started our session today, I passed out this folder so that you could see. What we're doing—and inside is just a copy.

By the way, we don't make a lot of copies because we don't want to spend the money on paper, but you can find a lot more detail online under Open for Business. We brought you just a sample so that you could see.

It's like a constant reporting of how we're doing. We decided once again to take a cut at this by sector—so we could not just talk about small business writ large, because every sector will have its way and its ministries that it needs to interact with.

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We've got to be smarter about how we approach this. So we decided we would talk to the development industry, because those folks who are building things, developers in Ontario, interact with the Ministry of Municipal Affairs and Housing, the Ministry of the Environment, the Ministry of Natural Resources. We went to them and said, "Which of your organizations will be the lead organization to sit and interact with us?" BILD was the one that came forward. It represents the Toronto home builders and the former urban institute, I believe. Then they brought in other associations so that we were certain that what they said to us was truly representative of businesses in that industry. Then we brought together, around one table—an event that's never happened in government before—the deputies, the highest-ranking civil servants in each of the ministries that interact with that industry: the Deputy Minister of Municipal Affairs and Housing, MNR, MOE etc. We had the deputy of economic development and trade right in the middle. We had the associate deputy of our ministry who's been assigned Open for Business. Gail Paech is here today, if you have more detailed questions. She was there. Then, we brought the Premier to that first meeting.

What BILD brought to the table were key representatives from the development industry. So we had the CEOs of the largest developers and the small guys all at the same table. We put the meeting in the cabinet room. Many of them had never been inside the cabinet room, so it was great to see where all the action was. We all sat, at the same time, around the table, and we said to BILD, "You tell us your top five priorities. What are they, as it relates to Open for Business initiatives, as it relates to government regulation? You tell us what they are. We don't want to scope the conversation." They came to us with their top five issues, the things that bug them the most. They agreed, as a group, on what they were. They presented them to us. All of us heard them all at the same time. I'm always mindful that sometimes it's a communication issue. It's like the can and the string: You're on the can; by the time you get to the third can, the story has changed entirely. But no, at that first meeting all of us had to hear it at the same time, in the same way, and so did the Premier.

The Premier charged all of his deputies: They had to come to a resolution on these top five issues for BILD. Then, he gave us a two-month deadline. In two months, we had to have successive meetings, subcommittees, for each of the five priorities. They all had to meet repeatedly. The trick, and in my view the reason for its great success, was that the industry had to sign off on the resolution that was going to be presented in two months. So the pressure was on. The deputies would work within their ministry, if it was an environment issue, if it was an MNR issue—because the conservation authorities get in



the middle of some of the development projects. Whatever they were, you couldn't just give him the feedback, "No, we can't do that." You had to have a resolution, and then the industry actually had to sign off that they agree with this.

Then we all came back together again—all the deputies, the deputy of EDT, Gail Paech, the Premier right in the middle, all the leaders of industry—and had to report publicly on exactly how we resolved the top five issues.

I have to say that some of these things have been under the fingernails of that industry for years—not just since we've been around; since forever, since development began, since the Ministry of Housing was started, whatever—and we found solutions to their issues. So you'll find samples of these sectoral meetings that are taking place. We are now working on our fourth sector. We just met on Monday with the ICT sector. We met a few weeks before with the medical devices sector. Every time we go to them, we pick one lead agency and say, "You're the lead." They're responsible for truly representing the businesses in that sector. They come to us with their top five priorities, and then the clock starts.

So we're replicating this template that's working. I think we just might have found the formula to actually come to a resolution. It's not going to be perfect, and we are not going to be able to resolve every one of the five priorities for industry every time. Some of them are totally opposed to what the purpose of the reg or the rule was in the first place. But at least there's going to be a total acknowledgement that we're coming to a resolution on these things. We've actually asked the industry to tell us, "What are your top five things?"

We haven't done it in this way before. We're working on our fourth sector. It's working well. Is it about the number? I would suggest to you that the number isn't nearly as relevant, because if it's about the horse and buggy not being allowed to hook up in front of the saloon, how relevant is that to business today? But if we're talking to the ICT sector or the medical devices sector, which needs to have an easier way to interact with the Ministry of Health, where they're trying to sell their wares, or it's the procurement process with the Ministry of Government Services, that's actually an issue that matters to their business.

**The Chair (Mr. Garfield Dunlop):** You've only got three minutes left in this round, by the way.

**Mrs. Julia Munro:** I was just going to say that—

**Hon. Sandra Pupatello:** How did you like that, by the way? How did you like that story I just told you?

**Mrs. Julia Munro:** It's fine, but I just wanted to clarify—

**Hon. Sandra Pupatello:** I just want to see that you like that. Good.

**Mrs. Julia Munro:** To clarify that it was your number, the 25%. That was the quote that I was using.

**Hon. Sandra Pupatello:** Yes.

**Mrs. Julia Munro:** My next question has to do with a question that you raised at the very beginning when you talked about Ontario's 80% export to the US and the

difference in productivity. What I wanted to know was: Why is there a difference in productivity between Canada and the US? What do they do differently?

I'm shortening the title of the Institute for Competitiveness, but I know you know what it means. They did an analysis on productivity. I'm wondering if you took some of the advice of that group, and how it's working. Here you are telling us that we still lag behind in productivity, so I'd like you to comment on why and what methods you've done, from that advice that was given. How's it working?

**Hon. Sandra Pupatello:** How much time do I have, Chair?

**The Chair (Mr. Garfield Dunlop):** Just two minutes for this one and then we go to the third party.

**Hon. Sandra Pupatello:** Okay. I'll try to be brief and then we can finish answering in the next go-round because I know you'll be riveted by my response.

I will tell you that we actively follow the Institute for Competitiveness. Our ministry also helps to fund it and to fund Roger Martin and his work there. We actively search for solutions so that we get great academics like this who work closely with industry to inform us on what we should be focusing on.

The issue of productivity is a difficult one for government to manage because you've got to figure out: Where does a government have levers to change how businesses are going to do their business? There are some; I'm certain that there are. We have to change behaviour within business and we've got to use the levers that we have. Is that going to be through tax policy? Encouragement related to training?

There are probably several reasons, and I won't pretend that I'm an expert on competitiveness and productivity, but I will say that, of all of the materials there, many will land on at least two reasons. One is the use of ICT in business in Canada—and I'll say Ontario, but it's the same. They haven't broken down the data for Ontario versus Canada. If a company were to invest 25% more in ICT, they would raise their level of productivity by 2% to 3%. We know that to be a fact. They did a 10-year-long study in the US, and what they found over that time was that the productivity gap continued to grow and that they could finger investment in ICT as a significant reason for increases in productivity in the US. They just take up new ICT technologies quicker than we do. We've got to figure that out. Why is that? How do we get them to do it? The federal government has been trying to address this, as has ours.

For example: The elimination of the capital tax is the perfect lever that a government can have to encourage a company to make an investment, and they don't pay tax on what they've just invested in. By eliminating the capital tax, which we've done, we know that that's one step closer to get them to make more investment in the kinds of things that matter. When we offered \$25 million to the CME and they created the Smart program, we particularly asked that that money that went directly to manufacturers be for items that would increase their levels of productivity. They focused on energy efficien-

cies, new software, upgrades of software; that's what that money went for. The good news about that program was that 50% was the amount of grant that came from the Smart program through the CME, but even during times of recession—this was 2008, 2009, 2010—those companies came up with the other 50% themselves to make the investment, even during hard times for the manufacturing sector.

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The other area is the level of education in the workforce in the US compared to Ontario or Canada. Canada leads the world in the greatest percentage of post-secondary education against all of the OECD countries—certainly higher than the US. But where the Americans are higher is that their top-level executives in their businesses have higher levels. So where our guys would have post-secondary, their guys have Ph.D.s or master's at the CEO level, at the executive level of decision-making. Those who are trying to inform us are telling us that if we can find a way to up the level of education at the decision-making level of those companies in Ontario, in Canada, then we're going to get that kind of visionary thinking, more risk-taking, more prepared to be innovative, which is what the Americans are doing. They believe that the level of education, at that level within a company, is so different from what you'll find in Canada that that, in fact, is one of the reasons that they continue to outperform us on levels of productivity.

**The Chair (Mr. Garfield Dunlop):** Okay. All right. You're on a roll. We're a minute or two over here.

We'll now go to the third party. Mr. Hampton, you have the next 30 minutes.

**Mr. Howard Hampton:** Thank you very much, Minister. I want to use my 30 minutes to outline some things that New Democrats and our leader, Andrea Horwath, find disturbing about the Ontario economy. I want to outline our concerns across a number of sectors of Ontario's economy.

Yes, Ontario has regained some of the jobs lost in the recession, but I think you know this, because I certainly see it: In many, many communities across this province, the replacement job is not of the quality and not of the same level of sustainability as the jobs that were lost. What that has meant is that a great number of people find that they are struggling harder than ever to pay the bills; their income has dropped substantially; and their economic security is far less than what it was. I suspect you find that in Windsor, in Chatham, in London, in St. Thomas, in Cambridge, in Oshawa—a number of communities where the auto sector is important. It's certainly also true in the forest sector; it's certainly also true in the mining sector; it's certainly also true, I would argue, in the steel sector; and it's becoming increasingly the case in the food sector.

I want to go through and delineate what we think are some of the problems. Hopefully, later on during estimates, we'll have a chance to deal with them in some detail. Let me start with the auto sector, a sector that I think you are fairly familiar with. Toyota recently

announced that it will not produce electric-powered SUVs in Ontario; that any manufacture of electric-powered SUVs will be in California. When I read about the future of cars and light trucks, everyone is talking about electric vehicles. I would think it would be worrisome for Ontario that at a time when Toyota, at a time when Nissan, at a time when Honda, at a time when Ford, at a time when General Motors are all looking at electric vehicles, an announcement like this is made: that Toyota is not going to produce electric-powered vehicles here in Ontario; they're going to do it in California instead.

Something else that we worry about is the future of Fiat Chrysler. It's not lost on us that, repeatedly over the last four or five months, Fiat has been talking about selling off chunks of the company, whether it be the truck division, the tractor and agricultural machinery division, the auto parts subsidiary or one of its sports car divisions. It continues to talk about selling off these divisions because it has debt that it has to pay down, and if it can't pay down its debt, it will have serious problems going forward.

We have concerns about what that means for Chrysler's assembly plants here in Ontario, whether those assembly plants be in Windsor or in the Brampton area. We have concerns about what it means for new vehicles because we all know that the old Chrysler had spent very little in terms of the design and engineering of new vehicles to bring to the market. If Chrysler is going to survive, Fiat has to play a very large role in terms of the design and engineering of new models. We're concerned about that.

We're concerned about some of the things said by, for example, a consultant like Mr. DesRosiers, who is widely quoted as an expert on the automotive sector. He says that more auto parts jobs will disappear from Ontario; that we've seen a serious loss of auto parts jobs from Ontario, but we're likely to see an even greater disappearance of auto parts jobs because, relatively speaking, fewer cars are being assembled in Ontario while, relatively speaking, more cars and light trucks are being assembled in Mexico, the US and offshore. We can go into that later.

His point is that as you see the assembly of vehicles pick up in jurisdictions like Mexico, as you see more vehicles being assembled offshore and as you see, relatively speaking, more vehicles being assembled in the United States, you lose auto parts jobs. We can go into that discussion later. Those are rather disturbing things, we think, in the auto parts sector.

I want to talk briefly—even though I recognize that these are not necessarily a direct part of your bailiwick, and that some other ministry may also have responsibility here—about what has happened, for example, in the forest sector. People in my part of the province find this particularly disturbing because if they go to the website of a company like AbitibiBowater or they go to the website of a company like Domtar or they go to the website of a company like Tembec or a company like Kruger, right away on their websites, right away on their websites



they identify where they're running manufacturing facilities.

For example, Abitibi says very plainly they have six operating mills in Quebec. I think it works out to about 14 paper machines. They have seven or eight operating facilities in the United States, and I think it works out to probably about 14 or 15 machines. They, at the current rate, I think have only four or five operating machines in Ontario. Similarly with Domtar: You go to Domtar's website—and these are companies that had a long presence in Ontario—and they will identify all of the mills that they have operating in the States and they will identify all of the paper machines they're operating, and they will identify all of the machines they're operating in Quebec and the jobs that are tied to them. You go to Tembec's website and you see the same thing. You go to Kruger's website and you see the same thing.

You look at their operations in Ontario, and they have hardly anything left. For example, in my part of Ontario, seven years ago, there were 18 operating paper machines, from Sault Ste. Marie west. Today, on a lucky day, there are four. That represents the loss of tens of thousands of good jobs.

What is equally disturbing is that the same companies, when you look at their website, will tell you that what they're doing in Ontario now is they may have a pulp mill and they take Ontario's wood fibre—and they'll tell you right on the website—some of the best-quality wood fibre in the world, and they semi-process it into pulp and then ship the pulp to their mills in the United States or their mills in Quebec, and that is where they produce high-quality paper. In other words, we've taken a step back.

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Those good jobs that are associated with manufacturing in that sector, whether it's computer technicians or instrument mechanics or electricians or millwrights or machinists, have gone. They've relocated to another jurisdiction. We've simply become the hewer of wood and drawer of water. We harvest the raw resource here, and we ship it out to another jurisdiction, where the processing is done and where the good jobs are now located.

Again, you can go to any one of those companies' websites, and they tell you right on the front page of the website, "This is what we do. We take the raw resource in Ontario, we semi-process it and ship it out, and our sophisticated manufacturing operations are located in these other jurisdictions."

Not only has that meant the loss of those jobs, but if I were to roll back the map, 10 years ago many of these companies were headquartered here in Toronto—they had their head office here. Today you can't find a head office of any forest products company in Toronto. They may be in Montreal, they may be in South Carolina, they may be in Vancouver, but they're not in Ontario anymore. So not only has it been a huge job loss in the part of Ontario that I come from, but it has been a significant job loss right down here on Bay Street.

I want to go on to another sector where I think we see some similar problems: the mining sector. In just the past

few years, under your government, we've experienced the takeover of two historic mining companies, historic not only in terms of Ontario, but historic, frankly, in their presence in the world. One was Inco and the other was Falconbridge. These were not just companies that operated in Ontario. They operated elsewhere in Canada, they operated in the United States; they operated around the world. Both of them were taken over by what were relatively new players in the industry: Xstrata, a Swiss company, had only been around for a few years; and Vale from Brazil was essentially a very small, government-owned entity. As I understand it, the government of Brazil is still involved. Since the takeovers, we've witnessed the loss of the head office presence in Toronto. Neither Falconbridge nor Xstrata has a head office presence in Ontario. Their head offices are located in other jurisdictions. With the loss of those two head offices, Toronto has a diminishing strategic presence in those two sectors. When decisions are made in those two sectors, Toronto is just not the player it used to be. I think that's disturbing.

What has equally happened is this: There has been a huge destruction of jobs in the two main mining centres of both of those historic corporations. We just watched as Vale literally said to the people of Sudbury, "Here is a contract. You either take it or we'll shut this place down." The whole Sudbury region was essentially shut down for almost a year and a half—great hardship. Part of that has been the real shutdown of the copper refinery in Sudbury. Copper is still mined in Sudbury, but it's shipped somewhere else to be processed. Once again, the good jobs that are associated with that industry are increasingly moving outside the province.

We witnessed, just in the last few weeks, Xstrata's shutdown of the whole metal processing plant in Timmins, with the loss of what amounts to 2,500 jobs. We're still going to mine the minerals here in Ontario, but we're going to ship them outside the province to have them processed. Once again, the good jobs that were associated with that—the computer-aided technology, the instrument mechanics, the electricians, the machinists, the millwrights, the skilled jobs—go.

But it seems to me there are even more serious repercussions of this, and those repercussions, again, happen in Toronto. I suspect a lot of people in Toronto don't like to be reminded of this, but yes, Toronto is the financial capital of Canada. But one of the main components of Toronto's financial centredness is the fact that historically, it has rivalled London, England as the centre of mining finance for the world. When mining companies are seeking the corporate know-how of how to put an operation together and how to get financing, Toronto's main rival has historically been London, England. But what I'm being told is, as we lose mining head offices, as strategic decisions about these industries are no longer being made here in Toronto, our importance as a centre of mining finance is also starting to decline and decline at a worrisome rate, which means potentially the loss of thousands of jobs in the finance sector in Toronto because mining financing moves out of this jurisdiction.

Now, I contrast that with what we recently saw. BHP Billiton announced that it was going to take over Potash Corp. of Saskatchewan, and Saskatchewan, having a much smaller government, said not only to the federal government but to the world, "This is a strategic industry for us. It's a strategic presence, and we insist that this takeover not be allowed." In fact, what Saskatchewan is saying is, "We want to see more head office jobs in Saskatchewan. We want to see more strategic decisions being made in Saskatchewan." I contrast those two things.

I know the Premier made what I think is a rather unfortunate comment a few months ago when he said—I think I can quote him directly here—"Digging things out of the ground isn't of much value anymore." I would say in a world that is increasingly short of natural resources, he and your government might want to reflect upon that somewhat. In a world that's becoming very short of natural resources, Saskatchewan I think clearly understands that having a strategic presence in these kinds of industries and maintaining that strategic presence is very important for your economy.

But we'll have a look at this. I'm deeply concerned about the loss of head offices, whether the loss of head offices is in the forest sector, whether it's in the mining sector or whether it's from companies saying, "Look, we're in the mining finance business, and it looks like it's more important for us to be in London, England than it is for us to be in Toronto."

I want to turn also now to the steel sector, because again, what we've witnessed under your government in the last seven years is the takeover of three historic steel companies. Stelco used to have its head office in Hamilton, and not only were the jobs in Hamilton and the Niagara Peninsula very important to people—the manufacturing and processing jobs—but the head office jobs were very important to Hamilton. Stelco no longer has head office jobs in Hamilton. Stelco, as you know now, seems to be regarded as a not-very-important component of the Steel Company of Canada. We've witnessed the shutdown, now, of the Hilton Works in Hamilton and, before that, the shutdown of the facility on the shores of Lake Erie. Dofasco no longer has a head office presence in Hamilton. It too is a mere shadow of itself. The head office decisions are being made somewhere else—similarly with Algoma Steel.

1740

What we're witnessing is the loss of corporate head office after corporate head office after corporate head office. I don't understand how that is good for Ontario or how anyone can say that is good for the economic future of the province.

I want to turn briefly—and again I recognize that this is not directly the responsibility of your government—to the food sector. Not only the production of food, but food processing, has been very, very important in terms of being an economic fundamental for this province. If I were to list, however, the shutdowns of all the food processing operations that have happened in Ontario, or if not the shutdowns, the diminishment of the food pro-

cessing operations in Ontario, it's actually a pretty serious event. Once again, we see—yes, on a much lesser scale than, say, the mining sector or the forest sector or the steel sector—the loss of corporate head offices from the province of Ontario, and those corporate head offices, whether it be by takeover, buyout or whatever, moving outside of the jurisdiction. We wonder how this can be good for Ontario: to continue to see the loss of these kinds of corporate head offices, whether they be very large, whether they be modest size or, in some cases, whether they be small.

I want to move on to another area which we're told—indeed, if we think about it, over the last 15 or 20 years—was becoming a more and more important part of, certainly, the greater Toronto area economy, and that's the issue of television and movie production. We'll get into this a little later, because I'm going to seek some rather specific figures—and I recognize there may be some good stories in this; there may be some not-so-good stories. But I think we need to identify more closely and more clearly what's happening in this subsector. One of the things we want to know is, what is the value—and I'm not asking you to answer this now. Perhaps your officials can use this as a heads-up to start looking for the figures. We're going to be interested in the value of television production and television production studios in Ontario in the current year. We want to know how this compares with each of the five previous years. We're going to want to know what employment was generated in this subsector this year and in each of the previous five years. Similarly, we want to look at the issue of movie production. We're interested in the value of movie production and the value of movie production studios in Ontario in this current year, and we want to know how this compares with each of the five previous years. We want to know what employment has been generated in each of those years, because, again, we think this is one of those important subsectors of the Ontario economy.

We, too, want to raise some issues about venture capital. If we're going to have some successful start-ups, venture capital, as we all know, is extraordinarily important. But we also know that your government has made some, I think it's fair to say, pretty substantial changes in how and to what extent venture capital is available in Ontario and to what extent there are benefits for people to put venture capital into Ontario. Again, just as a heads-up, we think that the whole issue of venture capital needs to be examined in some greater detail.

Finally—and I remember when you were here last year and I asked you some of these questions—it seems to me that at some point we need to hear in greater detail; I think you should be able to provide us with some information now—your government has talked a lot about tax changes. The most significant tax change has been the HST, and there were a number of promises made in association with the HST.

One of the things we would be interested in is knowing what the actual job situation is relative to the HST. In fact, I asked a question about that in the Legislature today. Living as I do—you live in a border community, I



live in a border community—what I'm hearing from small businesses from my communities is that the HST is putting them at a decidedly difficult competitive disadvantage vis-à-vis businesses that are located across the border in the United States. It doesn't matter if you're talking about gas stations, hardware suppliers or retailers, they're all reporting the same thing: a serious loss of business. I would assume that your ministry has some information on this, whether it be, from your perspective, positive information or not-so-positive information. I think there's been enough time to start to see what the impact of the HST is likely to be.

How much time—

**The Chair (Mr. Garfield Dunlop):** You have four minutes left.

**Mr. Howard Hampton:** I have four minutes.

This will give your officials a heads-up: It's our understanding that every month, Statistics Canada produces a labour force survey which can be broken down by job classification and by region. One of the things we'd be interested in, because this is a snapshot that I think we need to see—I want to know if you can please provide comparative Ontario statistics from the labour force survey for manufacturing comparing July 2004 and October 2010. I think July 2004 is significant. Basically, your government had been in power for one year in July 2004. We're now in November 2010, so October statistics. If you can't get October statistics, then if we can get September statistics; as close as we can come in available statistics which show the comparator between July 2004 and the summer or fall of 2010. We'd appreciate it if the two sets of numbers—from July 2004 and, if possible, October 2010—could be supplied for the following regional CMAs. I think CMA is a term of art for people in economic development. The CMAs are Hamilton, Kingston, Kitchener-Waterloo, London, Oshawa, Ottawa-Gatineau, Thunder Bay, Toronto and Windsor, and if you could throw Sudbury in there too, that would be great.

I think I've used up my time.

1750

**The Chair (Mr. Garfield Dunlop):** You've got about another minute, if you want.

**Mr. Howard Hampton:** I have another minute? Well, then—

**Hon. Sandra Pupatello:** Can I give a response?

**The Chair (Mr. Garfield Dunlop):** You've got the next 30 minutes to respond, but we'll get to that in a second.

**Mr. Howard Hampton:** If for some reason these numbers are not available—and I guess I'm asking this of you, Chair—it would be helpful if legislative research could also look at this so that we can come up with some numbers by the end of estimates to be able to compare where we were in July 2004 and where we are in the fall of 2010.

**The Chair (Mr. Garfield Dunlop):** Okay, I think we'll ask the deputy and the assistant deputy to try to provide those numbers. That's the end of your time now, Mr. Hampton.

Minister, I'll give you the option, whatever you'd like to do. You've got about another eight minutes today, or would you like to start with your final 30 minutes to respond to the comments here today on Tuesday morning?

**Hon. Sandra Pupatello:** Why don't we start so we can get eight minutes in to the next piece?

**The Chair (Mr. Garfield Dunlop):** Okay, you've got eight minutes to start right now.

**Hon. Sandra Pupatello:** Right. And can you let me know when there's two minutes left?

**The Chair (Mr. Garfield Dunlop):** Yes.

**Hon. Sandra Pupatello:** Okay.

The dilemma I have is, I would love to have been much more intimately involved in a number of the sectors that were raised by the member from Kenora. The reality—and I know the member knows this—is that we have such a heightened awareness of those sectors that he has mentioned that we actually have special ministries assigned to them that are not the Ministry of Economic Development and Trade.

On his commentary related to forestry, for example—I'm not sure he's particularly interested in my personal opinion, but he would be getting some of that—realistically, you know that it is covered by the Ministry of Northern Development, Mines and Forestry. Likewise, for the ministry of mining, which covers mining, we do a number of things, working together.

In the area of forestry, for example, what I know is that this is a Canadian problem. I am stymied to try to understand why Abitibi shut down all of its operations in Newfoundland, where it has the least cost for electricity in the country, probably, which was all hydro in Newfoundland. Yet it shut down its operations and caused quite a furor, as you know. There were multiple job losses in Newfoundland. Why we see such heavy job losses right across the nation—it is not unique to Ontario.

What we have done since 2003 is come out with a number of programs destined to try to assist this sector, because we recognize that energy is one of their greatest costs and that we have to worry about their energy costs compared to other jurisdictions, where they might find a lesser cost in the area of energy. And we have tried, in a number of areas, to interject where the provincial government has a lever to actually make a difference in the forestry sector.

But when we see this phenomena that sweeps across North America, to see the kind of loss in the forestry industry and, at the same time, seeing massive growth coming from places like South America, where you grow a tree three times as fast—a function that we simply can't alter here any time soon—that seems to be a reality that we can't get to grips with.

I am also very, very mindful of the comments that my Premier did make that the member from Kenora referenced. When our Premier spoke about how it's not just about getting things out of the ground, he was especially commenting—and I know that the member from Kenora agrees with this. It's not just about getting stuff out of the ground; it's about what value-added we have to have happen here in our province as opposed to

elsewhere. So when you get the mineral, how much more can we do here, as opposed to shipping it somewhere else? We see those challenges in that industry, and we agree that those are the kinds of things that we want to see here.

I have to say that as we're talking now about the Ring of Fire, which is probably, in our generation, the largest find that we are going to see in our lifetime—a huge find of chromite, a very valuable mineral used as the base for the production of stainless steel and a commodity the whole world will be looking for. Our whole conversation about how we plan to develop the Ring of Fire has to be about the entire chain—not just getting it out of the ground, but how we ensure that we've got the whole value chain happening in our province.

Based on the kinds of questions that the member from Kenora is asking, I have to presume that that member will be totally supportive of all of the initiatives that our government is going to make as we move forward with this Ring of Fire development. It's going to be 10, 15 years, and when we're in our by-then 20th year of government, I still expect that the member from Kenora is going to be supporting our activity, because we too want to see more in Ontario.

We've got to understand: As a subnational government, there's only so much that we can do on decision-making when it comes to whether the federal government, through its investment act, will allow an international takeover. The member from Kenora knows that. We watched with great interest the federal Minister of Industry, Tony Clement, respond to the potash story in Saskatchewan. We watched with interest what happened with US Steel. The member from Kenora knows full well that the federal government is now suing US Steel, not happy with the outcome of what was supposed to be a better net benefit to Canada and not seeing that through US Steel. US Steel's view was that they've suffered a worldwide recession, harder hit in North America, where the bulk of their facilities are, and so were seeing the volume demand for steel drop through the floor yet were still being expected to increase production in Ontario, so naturally they've got an issue.

We've got an issue because we want to see more production in Hamilton. What we know is that when we had ArcelorMittal take over Dofasco—since that time, there has never been more investment in the Hamilton facility, in the Dofasco site, than we've seen since the takeover by ArcelorMittal of Dofasco.

So you have stories where it has been incredibly successful: tens of millions of dollars put into that site to make it more efficient, more productive, with more plans to come from Dofasco in Hamilton, which is a great story for Hamilton.

Likewise, you talk about Algoma: Essar Steel, another India company, and the takeover there—also full of plans of investment for Sault Ste. Marie, a great news story for Sault Ste. Marie.

Where Dofasco is concerned, ArcelorMittal sees the Dofasco plant as the crown jewel in their fleet across the world. We know, because we meet with these inter-

national executives. Yes, the headquarters is in Hamilton. So we've got to make sure we've bulked up on our relationship with where those headquarters are overseas, so they keep thinking about the investments we want them to make in our plants here in Ontario. We've done that work. We've met with Essar and we've met with ArcelorMittal to make sure they remember we want to see more investment here in Ontario, and we've had that success.

Less success with US Steel, as you know, and a very problematic situation. You've seen the paper lately in the Hamilton area. We chased Max Aicher in Germany to look at investing in the facilities of US Steel, because we are not giving up on those very productive workers who we know can do great work in the steel industry in Hamilton. We look forward to that kind of good news coming to Hamilton, where we reached out to look for other things we can do because we know we've got that kind of capacity in the Hamilton area. We believe in it.

All of the questions that you asked related to TV and movie production, venture capital, the HST: We'll look forward to getting as much info as we can. We would appreciate your endeavour to also enlist the services of legislative services for some of those answers, if that's possible.

A couple of other things I have to mention, and I am going to continue. I'm going to start fresh in automotive when we come back next week. I love talking about cars, because we are so good at it.

**The Chair (Mr. Garfield Dunlop):** That's good. You brought an airbag with you today.

**Hon. Sandra Papatello:** I know. I have one minute or two minutes left right now?

**The Chair (Mr. Garfield Dunlop):** You've got 30 seconds.

**Hon. Sandra Papatello:** I'm just going to wrap up and say that I will endeavour, for the member from Kenora, to get as much information as you've asked for, related to mining, related to forestry—two sectors that don't belong, if you will, to the Ministry of Economic Development and Trade, although we work closely with those ministers; but as much information as we can get for you, we will.

We're going to continue. We want to talk about cars and all of the commentary you made related to the automotive sector, and we'll start fresh when we're back next week.

Thank you, Chair.

**The Chair (Mr. Garfield Dunlop):** Thank you, Minister. That will conclude the estimates for today. We will be back next Tuesday morning, November 23. The minister will begin with 20 minutes. You'll have 20 minutes to begin.

With that, I'd like to thank the minister and all the staff of the Ministry of Economic Development and Trade and all the members of the committee.

With that, the meeting is adjourned.

*The committee adjourned at 1759.*









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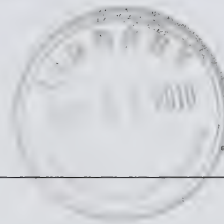
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## Assemblée législative de l'Ontario

Deuxième session, 39<sup>e</sup> législature

# Official Report of Debates (Hansard)

Tuesday 23 November 2010

# Journal des débats (Hansard)

Mardi 23 novembre 2010

## Standing Committee on Estimates

Ministry of Economic  
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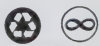
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## LEGISLATIVE ASSEMBLY OF ONTARIO

## ASSEMBLÉE LÉGISLATIVE DE L'ONTARIO

STANDING COMMITTEE ON  
ESTIMATESCOMITÉ PERMANENT DES  
BUDGETS DES DÉPENSES

Tuesday 23 November 2010

Mardi 23 novembre 2010

*The committee met at 0903 in room 151.*MINISTRY OF ECONOMIC  
DEVELOPMENT AND TRADE

**The Chair (Mr. Garfield Dunlop):** We will call the meeting to order. We are resuming consideration of the estimates of the Ministry of Economic Development and Trade, vote 901. There's a total of four hours and 50 minutes remaining.

When the committee adjourned at the last meeting, the minister had up to 22 minutes remaining for a reply. We will now continue with the ministry reply. After that, the time will be apportioned equally among the three parties, starting with the official opposition.

Minister, you have up to 22 minutes to reply. Regardless, we're not going to get the full four hours and 50 minutes today. We are finished today.

**Hon. Sandra Pupatello:** Can we ask for some extended time?

**The Chair (Mr. Garfield Dunlop):** Maybe you could ask in the House for unanimous consent. We could even go into this evening, if you wanted to.

**Hon. Sandra Pupatello:** I'm game. We might miss the firefighters' reception, but—

**The Chair (Mr. Garfield Dunlop):** Okay, Minister, welcome to the committee, and to the staff of the ministry. You have 20 minutes.

**Hon. Sandra Pupatello:** Thanks so much, Chair. It is good to be back.

As I recall, when we wrapped up last week, we were in our rebuttal to the comments being put forward by the NDP. He had indicated some interest in a number of sectors. The lion's share of them fall within another ministry of the government, and we've appropriately advised those ministries that we would forward those questions or commentary that he had put forward and see what response they might provide. He had indicated items around mining, for example. Where there is some overlap, we were happy to comment regarding the activity that we've had.

In mining, for example, the world's biggest mining conference is in Toronto every March—the PDAC conference, it's called. MEDT has a strong role in this event, in that we play host: We host special receptions for certain countries of interest, where we have an interest in extending our activities in those markets. There are a

number of missions that we're on where there will be some part of our time spent either meeting with mining companies—like Grupo México, when we spent in time in Mexico; and in India, where we spent meeting with the Minister of Mines to discuss legislation that would be better for Ontario investment. So there is a lot of overlap in terms of our activity, and we wanted to assure members from both sides of the House that we are actively pursuing every opportunity when it presents itself.

Then he made a number of comments regarding the auto sector. This one is an area that I found particularly disturbing, mostly because we have spent so much time focused on the automotive industry and the manufacturing sector in general, because this was the sector that was the hardest hit during the world recession. But more importantly, it began back in 2001-02 as the American dollar started to fall against Canadian currency. Any of us who come from manufacturing jurisdictions in the province saw, as early as those years—and this is going back to the Conservative government of Ontario. I remember well the Minister of Finance at that time, Jim Flaherty, having to respond to questions that we were posing from the other side of the House related to what levels of support or interest was the government going to show to assist these manufacturers, who were already starting to see a tremendous struggle in volume drops at the time, as well as companies who were looking to other areas for import because, all of a sudden, our products became that much more expensive.

This has been a long, difficult road that our manufacturers have been dealing with. It's not just something that came upon us lately. In fact, southern Ontario, which felt that recession-type activity very early on—really, from southern Ontario, we sat back and said, “Well, the rest of the world finally caught up with what southern Ontario had been dealing with for some time.”

The automotive sector is probably that one big symbol of the manufacturing sector. We could see what was happening, related to volumes, for some time. People's behaviour was changing, coupled with a number of other factors, like the rising price of a barrel of oil driving up the cost of fuel. Suddenly, people's habits were changing and their commentary related to the cars that were available in our marketplace in North America was very different from what it had been. Where we were a big car—trucks, even for domestic use, not just construction industry use—they were starting to say, “We don't like this so much.” They were stopping. If you notice, the



value of the used cars from this segment, from the big-car segment, even the value of the used cars on those lots was dropping dramatically, which was also impacting the new-car purchases at the time.

This precipitated what then became a financial crisis. Our OEMs that we had to deal with—in particular, the American Big Three—faced bankers who beforehand were prepared to continue the debt financing that they were involved in and all of a sudden said, “No more.” That spiralled into quite a dramatic crisis for the automotive industry.

I recall very well getting calls and being asked to come into the Detroit area to meet with the OEMs at the time and to have conversations that I never thought in my lifetime we would be subject to, with that request that the Ontario government assist in working with the federal government to come forward with assistance to the Detroit Three, in particular GM and Chrysler at the time.

This was a tremendous and probably the most dramatic event for their history as well as for the government of Ontario. Then what came out of that was the most dramatic package to be delivered, literally to save GM and to save Chrysler. I think when we look back, we recognize that it was the right thing to do.

From those times of 2008-09, we saw dramatic fall-offs of volume and purchases. Cars were sitting all over lots. There was overcapacity in the production plants. The production had fallen, but there was still overproduction. There was a recognition that we needed to tighten up the capacity in those plants, not just in Ontario but in our other auto jurisdictions around North America.

The good news for us was that, starting in 2005, we had begun a partnership with the Ontario OEMs, namely, Ford, GM, Chrysler, Honda and Toyota. At that time, we had extended what we called the OAIS fund, the Ontario automotive investment strategy, which was a half-billion-dollar fund. That fund was meant to extend a partnership with those five OEMs, where we would say, “Come and make a significant investment in Ontario. We’re going to be assisting.”

We knew from our days in opposition that there were opportunities to be had, because we had been in constant contact with these companies, despite not being on the government side, and we understood what our competition was doing.

With this OAIS fund, and that half a billion dollars, the Ontario government secured over \$7 billion in investment in those five companies: Ford, GM, Chrysler, Toyota and Honda. What that meant was massive investment in the Ontario facilities of these companies. Those investments then started in 2006-07 and into 2008. So when the drama of the automotive sector hit the whole world, but especially hit North America, our Ontario plants were positioned in a much better way than our colleagues in the other jurisdictions, because these companies had just finished making massive investments in Ontario. That meant that when the decision came to which plant might be closed, where there was duplication and the various products were being made in more than

one site, we were very fortunate in that we managed to stave off more closure than would otherwise have been the case, because of the massive investments that had been made in Ontario.

We flash forward now to 2010, and we see the volumes starting to be restored. We see that GM has now launched their IPO shares. There’s some up-and-down this week with the value of that share, but we’re very hopeful that it will continue to go up. Unfortunately, ministers of the government of Ontario are ineligible to purchase shares, because of the integrity act. Our spouses also aren’t allowed to purchase shares of GM. But nevertheless, I think GM surprised the world when they were posting figures on that first day around the \$36 mark, when it had been predicted that they might be in the low twenties. Those are all very good signs of the great resurgence of what is one of the signature features of America, and that is General Motors.

#### 0910

Chrysler, in the meantime, has been very successful in their alliance with Fiat, where we now have Fiat as a new OEM in Ontario, through their partnership with Chrysler. They are also doing well, and even today’s news is suggesting that people are impressed with the product line. The Jeep Cherokee is getting some tremendous reviews in their SUV market. Their sales are also strong. For Chrysler itself, Canada sales exceeded last year’s by 30%—just some really tremendous numbers.

And all of those numbers are starting to come back. GM also paid back their loans. There are obviously still monies outstanding in those companies both from the federal and the Ontario governments, but we also know that it staved off tremendous layoffs in Ontario.

Just by way of comparison, we managed to maintain the footprint of automotive production in Ontario against our American colleagues. When we look at the job loss, we know it was largely in the manufacturing sector because of the recession, but we also know that 75% of all the jobs lost during the recession have come back. We’re still worried about the 25% that aren’t back, but compared to our American counterparts—it’s always relative—their number is a mere 10% against the massive job loss that they’ve seen across the United States of America.

That compares, in my view, with Ontario’s 75% restoration—our companies are strong. Our companies did find themselves in a better position, so much so that in the year 2010, when they have to start looking at how they’re going to advance their models and what they’re going to be doing in the future, in the last six months alone, these OEMs in Ontario have invested over \$2 billion in Ontario—and that’s after having struggled, after having probably the most difficult years of their history in the last two years. Now they’re coming back with a vengeance.

We see some tremendous announcements around increased production of the RAV4 out of Woodstock; increasing the Equinox production out of Ingersoll with GM; recalls from layoff from these companies; recalls

from GM, adding new product to the Oshawa plant. The Impala doing well, the Malibu doing well—these are all really good signs that Ontario is well placed to maintain its share of production across North America in terms of auto production.

We also have a similar story in the automotive parts supply. The reason that the government decided very early on that we had to join with the federal government, convince the federal government that it was important to make this investment to help stave off total bankruptcy by GM and Chrysler was because there is a huge supply chain in the automotive industry that is probably unparalleled in any other industry in Ontario. The automotive supply chain saw the same drama that applied to the OEMs during the recession—that is, their volumes fell through the floor.

The beauty of our automotive supply in Ontario is that virtually none of them supply just one OEM; they supply many of them. One of them might have massive product going into the GM product line out of Oshawa, but they're also supplying Chrysler; they could also be supplying Ford. Those who might be supplying Toyota, for example, are also supplying the other four.

When they saw this drama, it was drama that was happening to all of their customers at once. Unlike other industries, where you might see one sector that's doing poorly, the automotive supply sector saw all of their customers suffering at the same time. So you can imagine the tailspin that it sent them into.

Some of them didn't survive. I'm going to suggest that we probably lost about 20% of all of the companies that were in the automotive supply chain, and this became very difficult. Our automotive supply is filled with all kinds of very highly skilled workers.

The result of that was the advent of the Second Career program. When we recognized that a number of people who were in their 30s, 40s or 50s—they had been in a career for a long time, in a tremendous level of skill set with that job that they may have had. We also recognized that some of those jobs may not come back. As a result of that, this Second Career program stepped forward, through the Ministry of Training, Colleges and Universities, to say, "How do we take those highly skilled workers and use what they have and make it applicable to what's going to be an altogether different sector?"—because they may never get called back to the automotive industry. This caused a number of people, again, largely in southern Ontario, to make tremendous choices, to say, "I've been at this for 20 years. I may have to look to do something completely different."

We stepped forward with what was considered, and is, unprecedented support to get these people back to school. We were prepared, as a government, to support things that were not traditionally supported under the standard OSAP program. In fact, middle-aged folks, which so many of them are, had to make huge choices—still dealing with family, still going to school full-time but having a different level of expenses than what someone in their early 20s might be having if they were in a college or

university program. So the Second Career program became very successful and returned over 30,000 people into the workforce—perhaps not what they were doing before. But they had additional training, and so many of them found jobs in different fields in different sectors. So it was very worthwhile.

We, as a government, also learned, having been through something that was unprecedented and seeing the writing on the wall for a particular industry—we stepped in when we had to step in. We're fortunate that we did. We still have hundreds of thousands of people in Ontario who are looking to say, "How did we do? Was it the right thing to do?" I think it's fair to say that when Ken Lewenza, the president of the CAW, looks back now, he says that it was absolutely the right thing to do. We partnered with the CAW in ways, I think, that were unprecedented. We worked together to make sure we were going to save pension plans, save jobs, get as many jobs called back as possible.

In the automotive industry, in that supply chain that I spoke of a moment ago, we are seeing the restoration now of some of those volumes that are gaining back, and we're also aggressively pursuing new markets for them. We're recognizing that there are other parts in the world where there is an automotive cluster that's growing and they need our Ontario supply. To that end, we've had a tremendous amount of work in the southern States, where we're bringing the Ontario supply chain to the new plants that are being built down there: to BMW in Tennessee, to VW in Chattanooga—and they need supply. They don't have the supply chain around that cluster, and we're suggesting to them that the transportation system, the border-crossing system, and the excellence that they'll find in parts produced here in Ontario are perfect to be able to supply those products that are going to come out of those plants.

We just finished what was probably one of our most successful IZB automotive supply shows in Germany. In Wolfsburg, we had about 25 Ontario automotive supply companies participate with us—some great companies showing their wares, showing what they do differently. That was a show targeted specifically to VW and the Volkswagen market, for Chattanooga, as well as getting into the world supply chain for VW. It was very successful. We were able to entertain audiences—with CEO Winterkorn, so that for the first time he was introduced to Ontario, so he could see the kind of excellence that comes from this part of North America.

Not to mention, we believe that if VW stays true to the course they're planning for their company worldwide, they will require more production in North America; not just one plant out of Chattanooga. I believe that presents a tremendous opportunity for our supply chain and for everything that our economy can feed into another assembler being present in Ontario. That may take some time, but they do have a significant plan. They called it Mach 12. Mach 12 was where they planned to be by 2012, in terms of worldwide production. They want to be the biggest car company in the world, and they want to



be in every marketplace. We want to be a part of their plan. So we've done that.

We've held missions and brought companies down to the southern States to show off our Ontario companies. What we recognize, in terms of our strength is, number one, our skilled workforce. Ontario is producing 9,000 math and science graduates every year, and these are the kinds of skill sets that these companies, where these clusters are being developed, need because they don't have them. They're busy having to make massive investments in training because they're just not found there. Ontario, on the other hand, has a great number of institutions that produce these people on an annual basis, which is exactly what the sector needs.

0920

So, from an automotive perspective, we've got to, frankly, not agree with what the NDP put forward. We see that it is coming back; it will be stronger when it is. At that same time, we were able to advance support for this industry through AMIS, which is the advanced manufacturing investment strategy, which reached out to companies that were prepared to make investments. Where they met our criteria, we supplied them with loans. The loans initially had been 10% of the investment. We changed that criteria to 30% investment so we could be more helpful.

We extended a \$25-million grant program to the Canadian Manufacturers and Exporters. That was specific funding that provided 50% grants to companies that were doing things that were going to improve their levels of productivity. If we talk to the CME, they will say that it is one of the most successful programs they've ever had. We turned that money to what they called the "smart program," and then we had tens and tens of companies that participated in that program. They increased the level of IT, for example. They bought new software so that they could have the latest and greatest—

**The Chair (Mr. Garfield Dunlop):** You've got a couple of minutes.

**Hon. Sandra Pupatello:** Thank you.

In the end, these are all companies, members of the CME, many of them in the automotive supply industry, that were able to make investments in their own shops so that they could come back stronger than ever.

Just last week, there was a big story in my local paper in Windsor talking about the resurgence of the tool-die mould industry, another industry that would be a few tiers down from the assemblers in the automotive industry. But they, too, suffered tremendously. Even now, they are seeing a resurgence in the amount of work that they do, the expertise that they have—where we're seeing reclamation of some of those projects that were being sent to other parts of the world, coming back and being done right here in Ontario.

While all of us suffered tremendously in that great recession, I think it's fair to say that we're back, that our companies are coming back, that they're stronger than they ever were, and that we're prepared, as a government, to continue this kind of support and partnership

with them because they are the biggest multiplier in the economy of any sector.

So when people ask us, "Why the support for automotive?", there are few sectors that will cause a seven-to-one rippling in the economy, like a dollar that might be invested in that industry. For us, manufacturing is part of our lifeblood. It is part of a number of our communities' lifeblood. We know that there is a change, a move into other sectors, still using the kind of expertise that we've garnered through this development of our automotive industry.

To that end, Chair, we'll wait for the next round of questions.

**The Chair (Mr. Garfield Dunlop):** We'll now go to the official opposition. You have 20 minutes. Mr. Shurman.

**Mr. Peter Shurman:** Thank you, Minister. It's good to be back again this morning. I want to follow up on where we were last week.

First of all, I want to follow up on an exchange we had in the House last Thursday, where I believe, to paraphrase—I won't say quote—I said that you were the best economic development minister ever. I'd love to see Hansard where I said that.

**Hon. Sandra Pupatello:** I don't think that's what I said, actually.

**Mr. Peter Shurman:** I think that's what you said.

**Hon. Sandra Pupatello:** I'll get Hansard and I'll check—and you said no. I think I said you said we're doing a good job. That's what I said.

**Mr. Peter Shurman:** No, what I said was that you were enthusiastic and had a lot of sales ability. If I were asked to categorize you, I might say you were the worst economic development minister ever, as far as I'm concerned. You can look at me as surprised as you want—

*Interjections.*

**The Chair (Mr. Garfield Dunlop):** Okay. Mr. Shurman.

**Mr. Peter Shurman:** Thank you.

Statistics can be used, Minister, to say anything. I made a couple of notes here. You've talked about the automobile manufacturing industry being, although diminished, still the one that, in Ontario, produces more cars than any other jurisdiction in North America. That's statistically true. You've talked about the fact that we have a bigger GDP than any other province. That's true. You constantly talk about the fact that we have a huge economy. That's true. I can take statistics and tell you that milk causes cancer because everybody who ever got it drank milk. Just because those things are true in isolation doesn't make us a province that's in great shape.

Yes, you and I share the fact that we have an enthusiasm for building Ontario, but you haven't built Ontario.

What you did last week was, you told us about various examples of people who are, on their own, individually, doing some things. One of the best examples I remember is a company—and I believe it's up in my riding—that makes a mount for a movie camera that was used in

Titanic that allowed them to go around the front of the ship. You even demonstrated how the young lady in the movie put her hands up. The only thing I know that compares to the Titanic is the Dalton McGuinty government. It's a ship that's taking on water, Minister, and you and I both know that.

So I want to talk about—

*Interjections.*

**The Chair (Mr. Garfield Dunlop):** I don't want everybody talking over the speaker at the time. If he can speak, and no one else, that would be fine.

**Mr. Peter Shurman:** Thank you. I'd appreciate that on the part of everybody.

I'm permitted, Chair, as I understand it, to speak if I want, ask questions if I want, whatever I want. I'd appreciate the fact that I'll tolerate everybody else if you'll tolerate me. I don't want to be mischaracterized—and I was in the House last week, and I've heard a lot of half-truths here that I want to correct.

I want to get back into where I was last week, Minister, on the question of figures. We have some new figures. I quoted figures last week that demonstrated that, as I said in the House on a number of occasions, Ontario has a set of statistics—GDP, CPI, employment figures, welfare figures—that demonstrate that everywhere we should be going up, we're going down, and everywhere we should be down, we're going up. The bottom line here is—I'll take a couple that are new to us this week. My colleague from the NDP last week asked for break-outs from 10 census measurement areas, metropolitan areas, the biggest ones in Ontario, obviously. He wanted to see what had happened in manufacturing between July 2004 and October 2010. In July 2004, approximately a year after your government took office, there were 1.121 million people employed in manufacturing, and in October 2010, the number is 777,000. That's 350,000 less.

You keep referring to the recession. This morning, the quote was that the recession began earlier in Ontario than it had anywhere else, and we felt it no more so than in the automobile industry. I can tell you, Minister, this afternoon we'll have figures on all employment in the province of Ontario. You talked about manufacturing being in trouble for some time. Your government, apparently, was in denial until the world went into recession, and I can quote Premier McGuinty as saying, "This too shall pass." So we've got a 350,000 margin in manufacturing figures between one year into your government's first term and now, and this morning we have CPI figures—I was quoting CPI figures last week—that say we continue the slide where Ontario is, as has been suggested by people who are much more broadly based than I in the economics field. The consumer price index in Ontario is still a full percentage point worse—inflation, in other words—for Ontarians than it is anywhere else in the country, and this is on an apples-to-apples comparison.

Canada as a whole for October—so we're talking about the month that ended three weeks ago—stands at 2.4%. Ontario is at 3.4%. Last month as well we were

that much worse. I could go back in and read it into the record, but it's already there—figures that look at employment, where you could say, "Well, EI claims are down." Yes, but they're not down as much as the rise in welfare claims, which simply says that people went off employment insurance, because it expired, and they wound up having to claim welfare because they couldn't afford to live here anymore.

The gross domestic product: We're growing, but we're growing more slowly than anywhere in Canada.

And as for the recession, I'm really tired of hearing about the recession. If we are as strong as you suggest, with 40% of the population of Canada and a huge amount of the land mass, with the transportation connections on land, sea and air that we have in the province of Ontario, we should be leading the pack. Instead, we're trailing it. We're just behind everybody else.

I suggest to you, Minister, that this is a result of the policies of your government and the execution that's being carried out by people and ministries like yours. I'd like your reaction to that.

**The Chair (Mr. Garfield Dunlop):** Minister, you can go ahead.

**Hon. Sandra Pupatello:** I think it's important that we look relatively at what we are as a province. I think it's important to note that Ontario has the most industry in all of Canada; that we have the largest manufacturing sector in all of Canada; that we produce more cars in Ontario than any subjurisdiction across North America; that we have the third-largest IT sector; that we have the third-largest financial service in all of North America.

**Mr. Peter Shurman:** Yes, we've been there already, Minister. I don't want to hear it again. And the reason I don't want to hear it again is—

**Hon. Sandra Pupatello:** Quite frankly, to have to sit and be told that Ontario is not doing well is, I think, appalling.

I think what's important to note is that Ontario is rebounding. When you're the biggest in a particular area, which is the same area that was hit the hardest in the entire recession—that is manufacturing, and we've got a massive base in manufacturing—guess what? Ontario is going to be the hardest hit. That means our recovery is going to be the more difficult of any of the provinces'.

Imagine being Alberta, when you just realize, "Well, we'll see what the price of worldwide oil is today per barrel," and then they'll decide just what their production might be. How simple it is, how nice it is for the largest sector in that province to be totally tied to world production that is actually on the rise.

**0930**

We have a manufacturing sector, and the largest sector within that is automotive. It suffers a worldwide recession. Naturally, Ontario is going to be hit the hardest—

**Mr. Peter Shurman:** Minister, you were down hundreds of thousands of jobs before the recession.

**Hon. Sandra Pupatello:** Ours is a government that never denied what was happening. In fact, what we did was step forward. So in the years 2003-04, when we



knew what had been happening in the manufacturing sector, we came out immediately with that OAIS program. Interestingly enough, just as we're extending a hand to the sector that's being hurt the most, and at that time because of the US dollar falling against the Canadian dollar, the opposition parties, including the official opposition today, voted against that program.

In 2005, when we then stepped forward, when the advanced manufacturing investment program—

**The Chair (Mr. Garfield Dunlop):** Excuse me, Minister.

**Mr. John O'Toole:** On a point of order, Mr. Chair: We are hearing the same occupation of time with very little content. I have a couple of specific questions on what is going to be released, and she's going to ramble on here on her motormouth—

**Hon. Sandra Pupatello:** Chair, I don't think it's—

**The Chair (Mr. Garfield Dunlop):** Mr. O'Toole.

Mr. Shurman, you can break into the conversation and ask her another question now. We allow that. We've done it all through estimates through the whole year.

**Hon. Sandra Pupatello:** Chair, do you want me to finish the question or no?

**The Chair (Mr. Garfield Dunlop):** He doesn't want to hear the end of the question; he wants to start another one.

**Mr. Peter Shurman:** I want to go back to the question that I asked.

**The Chair (Mr. Garfield Dunlop):** Go ahead.

**Mr. Peter Shurman:** The question that I asked that deserves an answer is why every statistic that's supposed to be going up is going down, and why every statistic that's supposed to be going down is going up? That's what I asked, not about the manufacturing sector on automotive. We've heard that tape several times, Minister. Please deal with why I've got a CPI figure in front of me this morning that is outstripping everywhere else in Canada. Please explain to me why the GDP is not recovering in Ontario while it is in the rest of Canada. Please explain to me why people are on EI and going off EI and on to welfare in Ontario and not the rest of Canada.

On an apples-to-apples basis, why hasn't your government addressed that and why are you looking at the manufacturing sector and relating it to a recession when the slide was down by hundreds of thousands of jobs before the recession even began?

**Hon. Sandra Pupatello:** I think it's fair to say that Ontario, especially southern Ontario, was faced with challenges in our economy that other parts of Canada and the world weren't. When we have a jurisdiction that has over 80%, at that time, export to the US, every single product that we export to the US market is all of a sudden subject to being a more expensive product simply because the Canadian dollar was valued higher than it was the day before. That trek upward started in 2001 and continued to climb. Today, even in these recent months, it is hovering near parity with the American greenback. The reason that that's important is that when Ontario has such a large segment of our economy in manufacturing, the

lion's share of which is exported into the US, then the strength of the Canadian dollar actually matters.

That was a trek that began in 2001-02. We were very cognizant of what was happening in this sector, so much so that we were pressing the government of the day—now the official opposition—to step forward with assistance to that sector so that we could stem that tide, so that we could do something to get them to have increased levels of productivity—everything they could do to fight the fact that their product was becoming more expensive simply because of an element that no provincial government can control; that is, the value of the Canadian dollar.

Hence, we became the government in 2003, and what we asked for when we were in opposition we actually delivered when we became the government. The OAIS program is one of those things. What it did was take half a billion dollars of taxpayer money, some through grants and some through loans, and leverage \$7 billion in investment. The reason that's important to this conversation is that those same facilities that were upgraded to become world-class facilities were saved from the wrecking ball when the recession hit in 2008-09. In that sector, they were already making significant decisions before 2008-09 because of the massive overcapacity that the automotive industry was facing, because we could see—

**Mr. Peter Shurman:** Let me jump in and ask you about that, Minister. You talked about what you were saying in 2001 and 2002 to a government from our party that preceded yours. You've been around now for going on seven and a half years, so that was 2003 onward. What did you do about the manufacturing sector, or for that matter any other aspect of work in the province of Ontario, to address those concerns? Because, surely you're not going to look back and say, "Well, you know, there were signs of it then." I just quoted your figures of 1.12 million employed in the manufacturing sector in 2004. You had an opportunity to address this.

Let me just quote something from this morning's paper. There's an article in the *Globe and Mail* today: "Ontario needs to pull up its socks: task force." You're talking about the productivity of workers. I'm quoting: "Workers are working harder ... but not smarter. 'Ontarians are among the world leaders in work effort—that is, the hours of work per person. But we are laggards in creating economic value per hour worked,' said task force chairman Roger Martin, dean of the Rotman School...."

You were asked last week by my colleague Julia Munro about productivity in the United States versus productivity here. You evaded that question. We both know it's because they went robotic in some of these plants and you, yielding to union pressure, obviously didn't. We're just not there. That's the problem, isn't it?

**Mr. John O'Toole:** I just have one more comment. I think—

**Hon. Sandra Pupatello:** I guess she—

**Mr. John O'Toole:** —Ontario lags behind US prosperity—

**Hon. Sandra Pupatello:** Sorry. Chair?

**The Chair (Mr. Garfield Dunlop):** Can we have an answer to that question?

**Mr. Peter Shurman:** I'd like an answer to that question.

**Hon. Sandra Papatello:** Thank you. I think it's important to note that what we recognized when we were in opposition is a level of support that this particular sector needed, because there was a world phenomenon that we could not control—and no provincial government is able to—and that was the price of the Canadian dollar, which was rising beginning in about 2001-02, which continued through, and today we see it near parity on a regular basis.

When our government has come forward with significant elements to try to assist our companies to find higher levels of productivity, to find levels of competition that they can play in, what's important is that people like Jack Mintz—he's not a flaming Liberal by any stretch of the imagination; he's centred out of the University of Calgary. He says that the tax policies the Ontario government has put forward just in the last couple of years are unprecedented and the best in 20 years. What he's specifically referring to are things like the decrease in the corporate income tax rate, something that in opposition, we watched. The last government used to rail about how they needed to drop the corporate income tax rate, but in fact didn't. When our government stepped forward to decrease corporate income tax—

**Mr. John O'Toole:** Minister, if I could just get in, please.

**Hon. Sandra Papatello:** —the members of the opposition voted against these kinds of measures.

**The Chair (Mr. Garfield Dunlop):** It looks like Mr. O'Toole is ready.

**Hon. Sandra Papatello:** Chair, just this for clarity: Maybe a better system—

**Mr. John O'Toole:** Minister, I want to focus on a couple of questions—

**Hon. Sandra Papatello:** Just for a moment, on procedure—

**The Chair (Mr. Garfield Dunlop):** Minister, I allow that to happen. It's been happening all through estimates.

Mr. O'Toole, you can carry on now, okay?

**Mr. John O'Toole:** Thank you very much, Minister, you mentioned Jack Mintz—

**Hon. Sandra Papatello:** Do you actually want the answers? Or do you want to do it with a timer?

**The Chair (Mr. Garfield Dunlop):** No, we're not doing that. We allow the debate to take place. I've heard enough of your answer. You're wasting your time.

Go ahead, Mr. O'Toole.

**Mr. John O'Toole:** Thank you very much, Chair. I appreciate that.

Respectfully, Minister, this isn't time to just use the air, to fill it with words that have no content.

You referred to Jack Mintz. I do have a lot of regard for Jack Mintz—and I don't characterize them as political creatures. Roger Martin and Jack Mintz are people who are worried about Ontario.

The prosperity institute issued two directives to you—and you really have no plan. That's clearly what they're saying. One of the articles today is, "Green energy costs lowballed, task force says." Jim Milway, executive director for the Institute for Competitiveness and Prosperity, the task force's government-funded research arm, said he'd consider that they went too far and underpriced the cost of the Green Energy Act. In fact, he goes on to say that they're losing jobs because of the high cost of electricity. If you don't follow that, how do you explain in your budget that you've taken measures to reduce the cost of energy, knowing you made a fatal error?

We have job losses. You quote often that under Bill 150 you'll create 50,000 new jobs. This report says you're actually going to lose jobs.

It goes on in the further remarks today—Mr. Shurman quoted that—"Ontario needs to pull up its socks: task force."

Another article from the Star, a friendly media outlet for you: "Ontario lags behind US prosperity."

The reality is this: Ontario is lagging behind US prosperity. Let's look at this carefully. The US is going off the cliff in a recession, and we're tied to them. You've admitted that. And if we're lagging behind the US, what does that say?

When I look back at what you've said this morning, you're saying something that's not accurate. I don't think you're qualified to make those statements when I have the three leading economists from the prosperity institute saying exactly the opposite—including the media. Why do you fill the time here this morning with platitudes about what Dalton McGuinty has done when we're looking in the eyes of a recession caused mostly because of your last seven years of having control of the car? I am so disappointed about the families in this province that are suffering, including your own riding of Windsor.

0940

**The Chair (Mr. Garfield Dunlop):** Two and a half minutes remaining in this cycle.

**Mr. John O'Toole:** I cannot believe it for one moment. It isn't just a newspaper article; it's the reality throughout Ontario, paying more for everything. If you looked at the report yesterday, our hospitals are in chaos: Emergency rooms have 32-hour waiting.

And you think everything is okay. Well, I don't think you're fit to govern this province any longer. That's what the numbers say. Let's hear you respond to that. Tell us one thing, not just a bunch of bubble: What is your plan for the recovery of the province of Ontario?

**The Chair (Mr. Garfield Dunlop):** You've only got two minutes to respond to this, Minister, so do it quickly.

**Mr. John O'Toole:** That's about a minute longer than she needs.

**Hon. Sandra Papatello:** I think what's important to note is that if we brought the CEO of GM Canada into this room today, he would disagree with everything that the member opposite has just stated at this committee.

The reality is that our government recognized the struggles of an industry. More so, our government has



recognized that our clusters, our industries in Ontario are subject to what is happening in the world because Ontario is an export jurisdiction. That means we worry about what's happening in India, in China, in the US and in the EU, because some of the many clusters in our economy are going to be impacted by those decisions. That's important to note.

If we're talking about cars, it matters what the Americans are doing. It matters that 80% of our exports go there, such so that we've decided that we've got to be far more aggressive on the international scene and find more export markets so that if that continues to lag in terms of the Americans growing themselves back out of their recession, we're going to have to find new markets for our companies. That's why 25 auto parts supply companies spent the better part of a week in Wolfsburg to get their products into VW, an automotive assembler that is not in Ontario, so we have to find wherever they are, in the southern US and in Europe.

When we talk about what we've done as a government, it has been to bring forward the most comprehensive changes in tax policy to benefit corporations so they can do better. Eliminating the capital tax is something governments have only dreamed about for years but that our government actually did. That meant the kind of incentive for companies to invest in themselves so they can raise those levels of productivity. We've recognized the need for increased levels of productivity.

We're the ones that asked the competitive institute to be commenting on these things. We are also the government that decided to create the institute itself, fund the institute itself so that we can see these kinds of studies so that we know the kinds of directions that businesses need to move into.

Chair, I appreciate the opportunity at a minimum to put some facts on the table as opposed to the kind of rhetoric that is really relegated just to an election.

**The Chair (Mr. Garfield Dunlop):** Thank you, Minister. We'll now go to the third party. You've got 20 minutes, Mr. Miller.

**Mr. Paul Miller:** I'd just like to start off with some figures. The minister is bragging about her 600,000 jobs that they're going to create and their 50,000 green venture jobs.

My stats are a little different. Let's talk about some of the greater areas here. Greater Sudbury is down in jobs. We're down 350,000 jobs. In Hamilton, I'm down 20,000 jobs since 2004. That's not counting the 27,000 jobs before that. Kingston, Kitchener-Waterloo, London, Oshawa, Ottawa-Gatineau, Thunder Bay, Toronto and Windsor are all down for a total of over 350,000 jobs.

Week after week, day after day, I see the Premier stand up and Dwight Duncan, the minister, stand up and say, "We're creating 600,000 jobs for Ontario. We've created 50,000." That's a lot of bunk. There are no jobs. I've got thousands and thousands of people out of work in Hamilton.

The 140,000 jobs that you said you've created: How many of those jobs are over \$50,000 a year and how

many of them are minimum wage or just above? I would estimate probably 75% of those jobs are minimum wage or just above.

You were in Hamilton a few weeks ago. The minister was bragging about the 300 jobs they created from China that were going to open up in my area, Stoney Creek, east Hamilton—assembly. You didn't tell me how much those jobs were going to pay, they didn't tell me if it was going to be managed by the Chinese or by our people, and it won't be for two years down the road.

This economic recovery that you're bragging about is certainly stalled. It certainly isn't happening in my area of the country. I can only speak about Hamilton because I don't have the ability to travel like you do and talk to people from all other sectors.

We've talked about your trips to India and China. I want to know, other than creating jobs for them and manufacturing jobs for them—it goes both ways—how many jobs are you creating in Ontario, in Hamilton, my area, which is a large area? How many of those jobs, how many contracts, have you got from India and China that are actually going to create good-paying jobs—not \$10- and \$11-an-hour jobs—good \$50,000, middle-range jobs in Hamilton? I want to know how many you're going to give me in Hamilton.

And don't talk about the medical area—that's great; we'd love to be a medical centre. But that's good for, let's say, researchers, specialists, chemists and doctors. How about Bill and Jane? How about the people who really need the work and the people who end up in the hospital under stress and are dying from lack of work and lack of food and lack of nutrition? There's going to be a march in Hamilton—if everything is so rosy—on Friday for people who have been cut off from nutrition too, cut off from their special diet.

Everything is so rosy in Ontario—I don't know what ball you're looking into, but my crystal ball doesn't see that. So maybe you can give me a short answer on that, and when I feel that you've answered the question to my satisfaction, I'll move on.

And I don't want to listen to four hours about the auto sector—because if you want to talk auto sector, I can talk auto sector.

**Hon. Sandra Pupatello:** I guess there's nothing I'm going to say that's going to change the kind of negative outlook that this particular member has. I see Hamilton in a whole different way.

As a matter of fact, I think that Hamilton, like other communities that have had a tremendous base of manufacturing, has seen tremendous change.

One of the visits that I had in India happened to be with a company called Mittal, which bought Arcelor. It is now ArcelorMittal Dofasco. Dofasco is a huge employer in Hamilton. Dofasco, since it was purchased by this Indian company, has become literally a jewel in the crown of Mittal worldwide. It is a plant in Hamilton that has continued to grow. They have made investments to the tune of tens of millions of dollars, and they've done these kinds of investments because we've had an

opportunity to build a relationship with this company, understanding that they're headquartered outside of Canada now. We've been able to sit with them. We've partnered with them on some of that. We've had some great announcements there. The jobs have followed. These are jobs at Dofasco that are good-paying jobs. They're pensioned jobs. They have great benefits at these jobs.

This is the kind of work that we do when we are in India—

**Mr. Paul Miller:** You talked about Dofasco, and thank you for bringing that up. I've got about 4,000 steelworkers out of work now because of US Steel. If your economic policies are so great—we can't even fill the demand in steel for Canada—why is a major steel company in Hamilton shut down? Why is US Steel trying to force concessions and break unions' backs in Hamilton if everything is so rosy?

By the way, the Dofasco jobs aren't union jobs; that's non-union. So you're a little confused there.

And Dofasco has hired 100 people in the last year and a half. I've got 4,000 guys out of work.

So don't tell me that things are all rosy in Hamilton. Come and visit. I'll give you a tour. It's not happening.

Negative? You're damned right I'm negative, because there's not a lot going on in Hamilton, I'll tell you that. You've been telling me for three years, since I've been here, "Oh, things are great in Hamilton." Well, sorry, it's not happening. I've got people coming into my office every day losing their—they can't afford their apartment, can't afford to pay for their hydro bill. There are all kinds of things going on in Hamilton.

ArcelorMittal is a foreign-owned company. If this government had a brain in its head—as well as the federal—they'd stop eroding our base industries. We have no control of our own economy, Minister, because the economy is owned by foreign conglomerates. We're in big trouble. We don't own a damned thing: 90% of our forestry, 95% of our mining, 100% of our major steel production in this country is foreign-owned. So don't tell me. You're making their pockets rosy. And this deal you cut with Samsung: That's another beauty. We're going to be paying even more for hydro.

I have to concur with my friend from the opposition that things aren't as good under your leadership and under this government. In fact, we're in big, big trouble, and it's not getting any better. You think because you're going to build windmills and some solar panels that's going to put everyone back to work? I don't think so. If you look at most of the stuff, all the technical stuff, there's going to be some built here, but most of it's going to be—it may be assembled here, but a lot of it is going to be built and the parts are going to be sold to us from over there. Do you think these companies are getting into it because they're not going to make a big profit off Canadian taxpayers? They are.

You keep bragging about all these little 10 jobs here, 20 or 30 jobs there. In Hamilton, in the last 20 years, we've lost over 40,000 manufacturing jobs, and you're

talking about Dofasco? It's a non-union company—great to have there, and they have a long history in Hamilton, but so has Stelco. When I started at Stelco in 1975, we had 13,800 hourly employees at Hilton Works and 5,000 salaried. That's 18,000 people in 1974. Do you know how many work there now? Nine hundred. You're doing a great job. If you'd like to answer that one, I'd like to hear it.

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**Hon. Sandra Pupatello:** I guess what's really important to note is, let's take a look at something that's pretty scary for me. Imagine that this member opposite was actually the minister. What would he do? Would he look at the kind of tax policy that encourages investment into Ontario by Ontario companies as well as by companies that have a foreign headquarters? I guess the answer is no. He would probably roll back all the initiatives we've made, when we can see from the right wing of the political spectrum their commentary on the best tax policy to be brought out by a government in Ontario in 20 years—that's what Jack Mintz said—

*Interjection.*

**Hon. Sandra Pupatello:** That's not what we said; that's what they said.

We recognize that it's a struggle; the competition is rife, in terms of government activity luring companies to make investments. We've had ourselves up against a \$6-billion US federal treasury energy fund that in some instances would put up 90% capital to land a plant in California, something the Ontario government by itself, without the assistance of the federal government, can't do, and still we see the kinds of investments that are coming to Ontario because they see that they need the kind of knowledge workers our post-secondary system can provide.

I think that when Dofasco makes a decision to make tens of millions of dollars' investment in their facility, 100 jobs is a big deal. I think 100 jobs would be coveted around the world, especially these kinds of jobs; very good jobs, high-paying jobs.

Then, in the same breath, we were in China just a couple of weeks ago, talking to a major telecom company there, and seeing that they are announcing a massive R&D centre in the Ottawa area to utilize the kind of capability they find in our workforce there. That's what we did when we were in China. That is the beauty of developing the kinds of relationships for decision-makers in companies who are looking at what they need to be successful as a company and what they can find in Ontario. We're there to present that case.

So opposition members can make whatever commentary they like about the kind of job they think we're doing—

**Mr. Paul Miller:** Thank you, Minister. Getting back to you—

**Hon. Sandra Pupatello:** —I think it's important that we know what we're doing and we can deliver results.

**Mr. Paul Miller:** —reference to the number of jobs you've created, I could go through a list of probably 50



major companies that have pulled out of Hamilton in the last seven years and the last 20 years: International Harvester, Procter and Gamble, Westinghouse, Siemens, John Inglis, Canada Works, the 20-inch mill, Parkdale Works. The list goes on and on and on. What's coming in? Zero. In fact, our latest fatality is Siemens, and you're bragging all over about what a wonderful relationship you have with Siemens. We're losing 500 jobs in Hamilton from Siemens, and your government is not pushing to put that windmill manufacturing in Hamilton.

You talk about your buddy Ken Lewenza, who is a personal friend of yours. That's great. Ken certainly would like to see auto worker jobs in Hamilton, but I don't know why you guys aren't coordinating an effort to bring the jobs. We've got the infrastructure, we've got the transportation, we've got the port and we've got the skilled labour in Hamilton, and I don't see it on top of the list of places for this new Siemens outfit for turbines to go. What are you doing about that? I don't hear anything about that. It died. It went off the rails—no pun intended. I've heard nothing about manufacturing jobs in Hamilton. A little solar panel assembly thing is coming there. I'm talking big time; I'm talking about 40,000, 50,000 jobs.

My area is hurting big time, and I stand up in the House week after week and say, "What are you doing for Hamilton?" I'm sure you hear me. "What are you doing for Hamilton?" Well, I don't get any answers. So I'm really frustrated.

Now we'll get into the meat of the issue: Can you tell me how much money is being spent in the Next Generation of Jobs Fund and what are the principal projects you are funding in this last year?

**Hon. Sandra Pupatello:** I think it's important to note that the Ontario government works to put jobs all over Ontario. Whether they're in the boundary of the city of Hamilton or just outside or in some other part of Ontario, it's important that corporations understand that the Ontario government wants companies to come. I guess it's difficult for me to envisage this particular member actually being welcoming to a company to come—

**Mr. Paul Miller:** Well, envision it, because I am.

**Hon. Sandra Pupatello:** —because this MPP has been opposed to every single initiative that's been taken, whether it's tax policy or otherwise—

**Mr. Paul Miller:** That's nonsense. Mr. Chair, I asked a question and she's personally attacking me. Is that an answer? Is that an economic minister who is personally attacking me? What is that?

**Hon. Sandra Pupatello:** Buck up.

**Mr. Paul Miller:** What is that?

**Hon. Sandra Pupatello:** Buck up, Paul.

**The Chair (Mr. Garfield Dunlop):** Are you satisfied? Would you like to go to another question?

**Hon. Sandra Pupatello:** On the Next Generation of Jobs Fund, I think—

**Mr. Paul Miller:** Obviously she's not answering it, so yeah, let's move on.

**The Chair (Mr. Garfield Dunlop):** Okay. Start another question, then.

**Mr. Paul Miller:** Thank you.

**The Chair (Mr. Garfield Dunlop):** The floor belongs to Mr. Miller.

**Mr. Paul Miller:** I guess we'll move on, because I didn't get an answer on that one. I never do.

Can you tell me how much money you spent on—here's your favourite—the Ontario automotive investment strategy, and what are the principal projects that it funded in the past year?

I would assume that automotive things would create steel jobs. I'd think that would. It makes sense. Cars are made out of steel and plastics and things like that. I don't see any new jobs in steel coming to Hamilton, and you're bragging about a big influx for the automotive industry. Steel was the base of the automotive industry for years. We have galvanized lines. We have EZ lines that create coatings and things for specialty steels for the auto industry. What are you doing with that?

In fact, Minister, maybe you want to explain to me why I see coils from Brazil and Romania sitting at the port in Hamilton. What's going on there? My guys are out of work, and they're bringing in steel from other countries. What's going on there? Maybe you can help me with that one.

**Hon. Sandra Pupatello:** Well, the OAIS program did come to an end. In about 2007, the last fund was announced out of the OAIS program, a half-billion dollar fund.

Probably the one that may impact Hamilton the most was significant participation by Toyota. They built a new plant in Woodstock. Toyota is seen by their headquarters in Nagoya to be doing very well, the result of which has been increased production and increased production sent to the Ontario plants.

Toyota probably uses exclusively Hamilton steel for their products. In fact, the Lexus gets its steel from Dofasco. That means that the kinds of volumes that Dofasco has seen have been increasing because of the success of Toyota in Ontario. To understand the supply chain for the automotive industry, we look at the growth of automotive supply parts around the new Toyota plants and the existing one in Cambridge. We see the birth of Toyotetsu; we see Toyota Boshoku. These are supply companies that are new to Ontario creating great jobs—50, 100 and 150 jobs in these communities—all linking back to the OAIS program—

**Mr. Paul Miller:** Thank you, Minister. I'd like to ask you a new question.

**Hon. Sandra Pupatello:** I bet you would.

**Mr. Paul Miller:** I want to talk about the GM IPO. How many shares does Ontario own?

**Hon. Sandra Pupatello:** We'll refer those questions to the Ministry of Finance, which has managed the IPO for the Ontario government.

**Mr. Paul Miller:** Okay. Did Ontario sell all or just some of its shares?

**Hon. Sandra Pupatello:** Well, it was reported in the media as well that we sold a minimum of 20% of our

total stock. We'll forward all these questions to the Ministry of Finance.

**Mr. Paul Miller:** What is the estimated revenue gain to Ontario from the GM IPO?

**Hon. Sandra Pupatello:** Same answer.

**Mr. Paul Miller:** Okay, no answer. How much will Ontario gain from the sale of its shares? Same answer?

**Hon. Sandra Pupatello:** These are all related to the Ministry of Finance, which manages this, as the MPP well knows.

**Mr. Paul Miller:** Isn't finance part of economic development?

**Hon. Sandra Pupatello:** The Ministry of Finance has carriage of the shares. We'll refer all these questions to the Ministry of Finance.

**Mr. Paul Miller:** Thanks.

The Green Energy Act is not your direct responsibility, but I'd like to ask a few questions about the economic spinoffs. Can you detail all manufacturing facilities—solar, wind etc.—that have been committed to as a result of the Green Energy Act?

**Hon. Sandra Pupatello:** We'll forward those questions to the Ministry of Energy, as well.

**Mr. Paul Miller:** Okay. I'd like to ask the minister—I imagine job creation would fall under your auspices—but how many jobs? You said 50,000 green venture jobs. I'd like some numbers on that which say where those 50,000 jobs are coming from. How many green venture jobs—I can only speak for my area—will be coming to Hamilton? I guess not too many, because it sounds like Siemens is leaving. That would have been a nice one.

I don't know what your government is doing to help Siemens. I think Mr. Lewenza is in favour of keeping Siemens in Hamilton, if I'm not mistaken, because I had a meeting there with them. I don't know what you're doing with Mr. Lewenza to keep those jobs in Hamilton, because he was very frustrated. I'm sure he has approached you on that.

What are you going to do to keep green venture jobs in Hamilton?

**Hon. Sandra Pupatello:** Just to be clear, the Siemens jobs that Ken Lewenza was speaking about were in fact at the gas turbine engine facility in Siemens. It wasn't related to the Green Energy Act.

**Mr. Paul Miller:** Well, it is related, Minister, because you can retrofit that factory to deal with those kinds of things. So don't pass it off—

**Hon. Sandra Pupatello:** Well, if you'd let me answer the question—

**Mr. Paul Miller:** Well, you're not answering; you're changing it.

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**Hon. Sandra Pupatello:** —that in fact the kinds of product that—

**Mr. Paul Miller:** That company can be retrofitted to deal with those—

**Hon. Sandra Pupatello:** Chair?

**The Chair (Mr. Garfield Dunlop):** One at a time.

**Hon. Sandra Pupatello:** I guess it's important to note that the kinds of product that would be coming out of what Siemens would be supplying through the Samsung deal is a product where, in fact, the current facility can't be retrofitted—

**Mr. Paul Miller:** Wrong.

**Hon. Sandra Pupatello:**—simply because it isn't just about the facility itself, never mind the deep floors, high ceilings etc. Even if that was manageable on the site of the current Siemens facility that's building gas turbine engines, it's about the logistics of getting it from that facility to a harbour. The loads are unfortunately too small—

**Mr. Paul Miller:** I'm glad you mentioned that. Minister, thank you for the logistics. I'm glad you touched on that—

**The Chair (Mr. Garfield Dunlop):** You've got two minutes left.

**Mr. Paul Miller:** —because that facility is capable of handling it and it does have height requirements. It also has trains that run into the facility that can transport those sometimes 50-metre-long blades to Hamilton Bay on barges which will deliver it to the part of Ontario. If you put it anywhere else, I'm not quite sure they're going to have the ability to transport it.

We have all the facility, and not only that, Minister, we have 350 trained technicians and tradespeople who have been very versatile over the years and dealt not just with gas turbines; they've dealt with many different types of products. They can adjust very quickly and adapt to those windmills because basically, they're made out of steel. And where do we make steel? We make the steel in Hamilton, right down the road. So you've got the steel, you've got the transportation, you've got the port; you've got everything you need, and a skilled workforce. There is no excuse why Siemens shouldn't go to Hamilton.

**The Chair (Mr. Garfield Dunlop):** We've just got a minute to clean this up, Minister, if you could.

**Hon. Sandra Pupatello:** I think what we'll do instead is refer this member to the local economic development commission, which has worked very closely with us on these matters and has worked very closely with Siemens as well. We'll be pleased to get that local contact for him.

**The Chair (Mr. Garfield Dunlop):** You've got a quick question or something here?

**Mr. Paul Miller:** Yes. In fact, I was talking to the economic development people. They were in the meeting, Minister, with us, and they certainly were pushing for Siemens to stay in Hamilton, too, so I don't know what you're talking about. They're for it 150%. I think you'd better come and visit Hamilton again, because I think you've got your facts wrong.

**The Chair (Mr. Garfield Dunlop):** Okay. That fairly well cleans up the third party. What we'll do is, we'll do 10 minutes of the government members.

*Interjection.*

**The Chair (Mr. Garfield Dunlop):** We'll try to get the whole time in.

Go ahead, Mr. Sousa.



**Mr. Charles Sousa:** Thank you, Minister, for attending and for participating in this cordial exchange with the committee. Further to some of the discussions that I've heard, we recognize—and I think, indeed, we all noted that Ontario felt the impact early of the global recession, before other jurisdictions in Canada. We took the necessary steps then, like the elimination of the capital tax, and we started moving forward on full tax reform in order to maintain the strong fundamentals that Ontario already had in terms of its economic base. I want to ask you a number of questions and I want to get into our free trade discussions afterwards.

Just for the record, Minister, how big is Ontario's economy versus the rest of Canada?

**Hon. Sandra Pupatello:** I think it's imperative to note that Ontario, for a long time, has been the largest GDP participant in Canada. We're still standing between 39% and 40% of Canada's GDP. We're standing at about \$560 billion worth of economic activity.

**Mr. Charles Sousa:** Right. So we have the most at stake because we're the largest base. How dependent have we been on the US market?

**Hon. Sandra Pupatello:** Well, it was closing in on 90% in terms of the export market. That's going back about 10 years ago. It's moved down since then, and we're at about 80% today.

**Mr. Charles Sousa:** So when the economic downturn began, is it safe to say that Ontario felt it before anybody else?

**Hon. Sandra Pupatello:** In particular southern Ontario. Most of the communities that have the largest share of the manufacturing base as their economy could feel it immediately. This is going back to the early 2000s—2001, 2002. It was virtually synonymous with the starting rise of the Canadian dollar against the American dollar.

**Mr. Charles Sousa:** So recognizing then that we had this dilemma before us, what steps did we take at that point in order to provide either the tax cuts or tax reforms and incentives to try to safeguard our industries? And, noting that our manufacturers were in a period of transition, did we take steps then to try to facilitate?

**Hon. Sandra Pupatello:** Well, beginning in 2003, when we were the government, we came forward immediately with programs that could reach out and partner with the OEMs that, frankly, lead the activity for the balance of the supply chain in the automotive sector, which is the biggest share of the manufacturing industry in Ontario. I can't point to a single policy in 2001, 2002 or the first half of 2003 that the former government brought forward despite our pleading because we could see—I could see as an MPP from Windsor the effect that it was having. It was starting, frankly, with the tool-die mould sector, the automotive supply chain, all the way up to the tier 1s and then the OEMs. I recall those OEMs making significant changes to their payment policies, so that even for jobs that had already been delivered, there was a delay in payment where there was a credit issue among the supply chain where they were just barely hanging on.

**Mr. Charles Sousa:** Let's set the stage a bit. Here we are in a period of economic downturn. We're reacting more immediately than anyone else, recognizing that we had to, and we want to maintain our strong fundamentals. Can you now tell us the sector priorities and some of our primary industries, beyond manufacturing, that have grown or been supported by our government in order to safeguard our economy, our GDP? I'm thinking of financial services. I'm thinking of IT and other things that I know you've done in order to protect Ontario.

**Hon. Sandra Pupatello:** Well, I guess it's important. We're fortunate in Ontario because we have a diverse economic base, and that is something that many jurisdictions simply don't have. They have either all mining, all forestry. We have some communities that are called one-industry towns. We worry about those communities in particular because if something happens to that one industry worldwide, and most of them are worldwide industries, like forestry, like mining, subject to the commodity pricing of the day—you worry because it's a huge impact.

Ontario, overall, is made up of a number of sectors and every one of those sectors is dependent on what's happening in the world in their industry, in aerospace, in ICT, in financial services etc. So we're lucky that way because we have opportunities for some sectors that are doing very well, despite the recession, while we can focus on those sectors that are really struggling during the recession.

Ontario has done well. Our financial services sector, for example, compared to any other in the world, has grown. Not only have they grown, they're seen as the starlets on the world stage because IMF—worldwide institutions have pegged the Ontario financial services industry as the best in the world. That is something we're taking full advantage of.

**Mr. Charles Sousa:** We took steps around our tax reform. We talked about the need for a plan, and we've got something called the Ontario plan, and open for business and so forth. We've taken some initiatives and I hear a lot about job creation. Can you give us specifically how many more jobs have come back to Ontario? And how the 600,000 aren't created jobs but are setting the stage for creating jobs over the next 10 years? Can you elaborate?

**Hon. Sandra Pupatello:** Well, the 600,000 figure is a figure, frankly, that was put forward by economists, not by our government. That was strictly a response to the advent of the HST. When we take the time to change policy so that we blend both the federal and provincial sales taxes, that kind of tax reform—the economists have done the calculations formulaically that would result in 600,000 jobs over the next 10 years.

Likewise, the comment regarding 50,000 jobs: That was a number put forward by the Ministry of Energy three years after the advent of the Green Energy Act. That's what we can predict will happen in terms of job growth as a direct result of the Green Energy Act.

**Mr. Charles Sousa:** In keeping with our government's Open Ontario and Open for Business, where

we're trying to trying to help our small and mid-sized businesses succeed, we have now endeavoured to go outside of North America. Recognizing your answer earlier about our dependency on the US, the government has noted the requirement now: We've got to broaden our market base and open for new markets outside of the province part of our Open Ontario plan.

We're in the midst of our fifth round of a comprehensive trade negotiation involving Canada and the EU. It concluded earlier this month and there are going to be two additional rounds scheduled for January and April. However, the world's economy still struggles with a weak recovery and there's still a threat of protectionism, and that's a growing concern.

Given the current economic climate, Minister, can you explain how Ontario will benefit from CETA, which is the Canada-European Union Comprehensive Economic and Trade Agreement, and its role in boosting Ontario's trade?

**Hon. Sandra Pupatello:** I think it's important to start by saying that we're recognizing that we want to have more to do with a market of 500 million people than we've had in the past. If we compare who our largest trading partner is, and that is the US, we've fallen to a level of 80% of export. If you looked at just the years 2001 to 2008, our trade with the EU has actually gone up by 150%. That's notable. In fact, when our ministry looks at trading figures, it drives what kind of activity we're going to have in those markets, because we've already seen companies stretching to move into those markets—our numbers are representing that—so an increase of 150% of trade with the EU bloc tells us that we should have more to do; that if we decrease barriers between those two jurisdictions, we're going to have even more trade.

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There were a number of studies done, both at the provincial and federal levels, to suggest that this was the way for us to go. For those who are going to be anti-trade, I think we just have to say that we can't be. Ontario is an export jurisdiction. Virtually everything we do gets exported, and that is the way. Our economy is reliant on this. The more trade we do, the better Ontario will flourish in terms of our economy.

**Mr. Charles Sousa:** And this is trade now internationally, outside of North America.

At the same time, Minister, governments around the world are working harder than ever to promote their own markets and common rules, and opening up their barriers, but the tide of public opinion in some of these jurisdictions is counter to the unifying principles of free and open trade. We see that happening everywhere, and we saw some of that hostility recently during the US mid-term election campaign where some politicians were advocating to reopen the NAFTA.

Minister, are free trade agreements good for Ontario, and what are we doing in regard to the US?

**Hon. Sandra Pupatello:** We continue to work with the US. We saw some very protectionist attitudes and

policies coming out of their government. When they launched a massive infrastructure program, for example, they included Buy America clauses that essentially were exempting us.

We worked tirelessly, all the trade ministers across Canada, but especially Ontario because we would be the ones hardest hit.

We related to the US the most in terms of trade products related to infrastructure development of any province in Canada, so we heard some terrible stories about the kinds of protectionist attitudes and behaviours by the Americans, and we had to get in there and say, "Wait a minute. NAFTA has wildly exceeded all expectations in terms of the level of growth of exports post-NAFTA that we could ever have imagined. We've got to keep this free flow, because when they do well we do well, and vice versa."

We actually managed to put a stop to Buy America. We managed to get those kinds of changes that we needed in an unprecedented time frame and we made some significant gains in that regard, and that's important. So every time we see some kind of anti-trade tirade, we've got to stop that, because our economy depends on export. If we didn't export our products, our car companies would have about one day's production in a year to satisfy just the Canadian market. There would be no jobs in that entire industry if we didn't have appropriate trade levels.

The good news is, we're not just stuck on North America. Out of that Oakville plant, for example, that Flex is being exported to South America, to Brazil. We've got great examples of where that is now happening, and that's just in one industry. I know we dwell a lot on automotive, but it's the one that has been the hardest hit and where we've done so much work to try to have levers, where a provincial government can, to actually make a difference.

I think it's important to note that we are looking at other markets where we can do more. China and India have a growing consumer demand, a growing middle class. Just their domestic consumption is driving their growth of GDP, never mind what they're doing with the rest of the world. They suffered, too, during the recession. Their exports fell because they export to the whole world, but they made up for those dropping exports by a massive growth of domestic consumption. That means that we need to be in those markets, because we make products that those people want to buy.

**Mr. Charles Sousa:** Can you share with this committee some of the expansions that you did with individual states, where before we weren't able to have some trade agreements, and then we were one of the few jurisdictions that were able to actually have some? I know it helped some of my manufacturers in my riding.

**Hon. Sandra Pupatello:** Some of the missions, you mean?

**Mr. Charles Sousa:** Yes.

**Hon. Sandra Pupatello:** We've had companies from right across the province participate in missions of every kind. We took a group of aerospace companies to



Wichita, Kansas, which is home to the massive Boeing, to participate. Ontario companies are the largest supplier to Boeing anywhere, so enhancing that relationship is really tremendous.

Some of the work we did this year: For the first time, Ontario held a supplier fair in Ontario. We called it a reverse trade mission. We brought all our supply companies in the aerospace industry together and then we got the executives from all of the big OEMs, if you will—Boeing, Airbus, EADS; you name it. They were here in Ontario so that we did that kind of matching. Some of these companies hadn't discovered that we have 350 aerospace supply companies that do some of the world's best work; that we sell landing gear to so many of these big aircraft; that we have the kind of technology, software improvements, that all of those companies are looking for.

This is the kind of activity that spurs the relationship and the networking that our companies need. On their own, as small and medium-sized businesses, they won't get to open the door to Parker Aerospace, but we can get the representatives to come here and they can have that kind of a meeting.

**Mr. Charles Sousa:** As part of our Open Ontario plan, it's not just about strengthening our trade with the US, which is obviously very dependent upon our success. It's not just about creating even more trade now and expanding that with the EU, which is critical for us to diversify our dependency and expand our markets and our exports. I can commend you and all the work you've done in that regard.

But you've also done some tremendous work locally—I mean in Canada, and I'm talking specifically about the trade agreement between Ontario and Quebec and your ability to show partnership in our base, because if Ontario succeeds, Canada succeeds. And in order for Canada to succeed, we need a partnership with Quebec so we can then market our wares. Can you expand upon some of those discussions with Quebec?

**Hon. Sandra Pupatello:** Sure. What was unprecedented was an accord between the Ontario and Quebec governments where we actually officially tied ourselves together. We said that Ontario and Quebec together represent 70% of Canada's GDP, and a number of our sectors actually work collaboratively and find some barriers in doing that. If we can smooth those barriers to doing business across the boundary between Ontario and Quebec, they can actually do more.

Quebec is our largest Canadian trading partner, and Ontario is Quebec's largest trading partner. That means huge opportunities for us.

Some of the sectors that drove this—and we're very pleased to see this kind of advent—industries like pharmaceutical; like the bio-industries, where they are speaking of the development of an innovation corridor so that we can do more together. We have great institutions in Ontario where there is research being done that has a very nice collaboration with what is happening in Quebec with some of their institutions.

We know that even at first glance, we could offer up a number of very practical examples of how well we can work together. Some of the regulation changes, for example, in transportation: When our products are going back and forth between Ontario and Quebec, we should probably try to smooth those regulations so they're dealing with the same rules on the Quebec side as they are on the Ontario side. There's no one jurisdiction that cares more for road safety, so let's both come on the same page.

We've made regulation changes in transportation that actually save businesses money. A big company like Maple Leaf Foods, for example, has probably saved half a million dollars just in the first year because of the transportation regulatory changes that we made. When they do well, that means they can do more business. They'll be lowering prices to be more competitive. They'll be hiring more people so that they can withstand the demand for their goods. That's the kind of work that we can do, as a government, that actually makes a difference to business every day.

**Mr. Charles Sousa:** One of the issues that is a priority for our government is to ensure that future generations have a clean environment, to ensure that we continue to create jobs and create an environment for job creation as well as clean air. The Green Energy Act was touted, especially by Al Gore and others, as one of the forefront acts in North America in order to enable both those issues. Can you elaborate further?

**Hon. Sandra Pupatello:** We've looked at what we can make in Ontario. We've looked at who our workforce is and what it is that we can do here. What we found was so much synergy between what we make in other products, and we can take that same skill set, that same manufacturing facility, and we can work in other sectors.

We started doing this in 2006 with our first mission to Alberta. I remember, in November, having about 30 people on a bus, driving at 5 o'clock in the morning to the Nisku region so that they could meet some of their counterparts, understanding that our manufacturing sector was under siege, that they were suffering already from a massive increase by 2006 to the Canadian dollar. So we said, "Even if you're manufacturing something that's not related to the oil and gas sector, we know that you can do something in the oil and gas sector." That started the trek westward. We've led missions there every year since, and it's topped 200 companies who now participate every March in the buyer-seller forum in Alberta.

Just a month ago, we brought three ministers from Alberta so they could meet our clean tech industry, because of their focus on greening the oil sands. We have the technology in our clean tech sector that can actually help them achieve their goals. We brought 200 companies from our clean tech industries here into Toronto, where they spent a day meeting leaders from the oil and gas sector and those three Alberta ministers, to talk about collaborative efforts. That's not even in manufacturing; that's in clean tech industries. This is the kind of

collaboration that we can do with industries that have a skill set in one area that can be applied to the other.

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If you come to Windsor and you go to Anchor Danly, on their shop floor—five years ago, their whole shop floor was filled with automotive parts. That's what they did. Today, this same company has about a quarter of its floor space working in the mining sector. They've reached out because they know they can do it. They have at least a quarter, if not a third, of their floor space now dedicated to the green industries, because they know that they can also build those products.

So in some instances, it may not be considered a “new” job, but it's breathing life back into a sector, giving our manufacturers something else that they can make with a whole new set of customers.

In my own hometown, I led an Alternative Manufacturing Opportunities Summit, and then you, as parliamentary assistant to this ministry, have led other seminars and summits of this nature, where we've gone out there and brought the industry leaders from different sectors in the green industries together to meet our manufacturers, to say, “Here's what we need, here are the kinds of accreditation you would have to go through, and here's how easy it is to do.”

**The Chair (Mr. Garfield Dunlop):** You've just got 30 seconds left, Minister.

**Hon. Sandra Pupatello:** We've brought the nuclear industry in, the wind industry, the solar industry, to discover that our companies can do this. Some of them have expanded into solar areas; some have expanded into wind areas.

This is the kind of job creation that a government policy can actually have some influence over, and that's why we expect to have support from all members of the House, because we're about creating good jobs in Ontario. When that happens, we want to see support from everyone.

**Mr. Charles Sousa:** Thank you, Minister. I appreciate all the work you do; certainly your support for small and medium-sized businesses, the backbone of our economy, and your concentration toward that.

**The Chair (Mr. Garfield Dunlop):** Thank you very much, Mr. Sousa.

**Mr. Paul Miller:** Mr. Chairman?

**The Chair (Mr. Garfield Dunlop):** Yes?

**Mr. Paul Miller:** Could I get a written response to all our questions? I want to show the people in Hamilton how wonderful things are.

**The Chair (Mr. Garfield Dunlop):** Mr. Miller, I think that we asked for that in the very beginning, so any questions that you've asked will be—

**Mr. Paul Miller:** Okay, any question. I'd like a written response.

**The Chair (Mr. Garfield Dunlop):** In a timely manner, yes.

**Mr. O'Toole:** did you have a question?

**Mr. John O'Toole:** Yes. We were just wondering if we were going to get something written from the ministry

on the—I know we had the statement last week about the fiscal update, but are we going to get one from the actions they're taking, as opposed to all of the conversation we had?

**The Chair (Mr. Garfield Dunlop):** I'm not aware of anything—just the questions you've asked.

**Mr. John O'Toole:** We had a decent report from the researcher that indicated the jobs in manufacturing. People have that.

**The Chair (Mr. Garfield Dunlop):** Okay.

**Mr. John O'Toole:** There's probably more to that from the jobs—the statistics, as opposed to a lot of words.

**The Chair (Mr. Garfield Dunlop):** But in the end, if you've asked a question, they'll respond to the question in writing.

With that, we'll recess until this afternoon at 3:45 or after routine proceedings. Thank you very much, everyone. We'll see you then.

*The committee recessed from 1025 to 1606.*

**The Chair (Mr. Garfield Dunlop):** We'll reconvene the meeting.

Thank you very much, Minister Pupatello. Welcome back again, and to members of the staff of the Ministry of Economic Development and Trade. It's 4:06 p.m. We're going to go until about a quarter to 6 tonight. We'll each have a 20-minute round, and then we'll divide the last 40 minutes or 30 minutes into the three parties.

With that, we'll begin with the official opposition. Mr. Shurman, it's yours.

**Mr. Peter Shurman:** Let's do some mathematics, Minister. And I would hope to do a bit of back and forth on the figures, because I've tried to bring figures into this over the morning and in the last session, so I sat down with a calculator at noon and I found out the following. Working with the figures that my colleague from the NDP requested on manufacturing—and we'll get into the broader perspective beyond manufacturing after this.

In 2004, the Ontario population was 12.39 million, and the number of people employed in Ontario manufacturing in the 10 CMAs that were requested totalled 9%. In 2010, as of two months ago, the population of Ontario is 13.2 million, and 777,000 were employed in manufacturing. That's 6%. So forget about the numerical aspects of it: What we've sustained in that six-year period is a loss of 33% of all manufacturing jobs—from 9% to 6%, 33%.

Now, the recession explains some of it, but obviously, we and you have been tracking the numerological aspects of this for a very long time. This compares the period one year after you were elected to the period we're in right now. And we know—as I say, we've been tracking for some time—several hundred thousands of those jobs had been lost before September 2008, when the recession is generally agreed to have started.

You alluded this morning to the fact that it started earlier in Ontario. Explain to us when you think it started, how you reacted to it and how you think that, wearing your portfolio, we looked at this from an economic



development perspective and sought to replace that significant number of lost jobs.

**Hon. Sandra Pupatello:** Thank you. I am delighted to be back. I regret that the amount of time is less than what we might have expected this afternoon, because I prefer to spend as much time possible so that the people of Ontario can understand the kinds of things that we've been doing for the economy in the roughest time that any of us have seen in our generation.

As the member opposite and my official critic from the PC Party notes rightly, the information that we've provided comes from Stats Canada. So none of us are going to bother to argue about the numbers; the numbers are what Stats Canada collects for us. We request this kind of information so that we, too, can track what is happening.

As I mentioned earlier when we were back here this morning, we noted—and I was an opposition member representing the Windsor West riding, which is frankly still the automotive capital of Canada, where we have had a history of building cars: The first OEM to venture outside of America was Ford in 1902, building a facility in Windsor, Ontario. That's how long our community goes back in the automotive sector. We noted changes beginning in about 2001, and they were directly tied to the Canadian dollar and its value against the American dollar when we started seeing—

**Mr. Peter Shurman:** But in 2001, Minister—and I don't mean to interrupt; I'll just give you a brief one.

I was in business in 2001. We were at about 70 cents at that point—

**Hon. Sandra Pupatello:** And the dollar started to rise at that time.

**Mr. Peter Shurman:** Sure it did, but not before about 2003.

**Hon. Sandra Pupatello:** Actually, it wasn't 70 cents, it was higher; it was about 85 cents, I believe. But we should go back and get you some exact numbers about the dollar—

**Mr. Peter Shurman:** Well, you could, but my point is, I was in business. I was doing business with the States and I was profiting by it because I had a low dollar. And I recognize that there has been a change since, but the point is that in 2001-03, we were dealing with 70 to 75 cents.

**Hon. Sandra Pupatello:** But in the year 2002—what I will do is go back and get you some of the commentary that was made by Conservative ministers at that time, standing in the House, preparing economic updates for the House at that time, recognizing in their statements that there were challenges in the manufacturing sector because we were facing, to the jurisdiction that we have the most export to, a significant challenge because of the change in the value of the Canadian dollar. So all of us in the House recognized that this was going on. The biggest part of Ontario to be impacted by that was southern Ontario, where you'll find most of the manufacturing sector, where most of the export is to the US market.

There were other changes within the sector itself also, depending on the sector and depending on what that

change was. In automotive, it was a change by the OEMs themselves—by Ford, GM and Chrysler—which were changing the manner that they were responding and working with their supply chain. For example, as they were feeling the crunch, they were turning to their suppliers and saying, "We're going to give you the same contract, but we're going to take 5% off what we're prepared to pay you." This started a crunch that went right through the supply chain of the automotive sector. It went right down to the tool-die and mould guys, who often work two years before the car is on a lot for sale in the design and build of the tools that are going to go into the new product componentry. I was having meetings in those years with our tool-die and mould sector, who were feeling the significant crunch because of all of these multiple factors.

But never mind, that was the past. As we became the government, we recognized that this was a sector under stress. What were we to do about this? In 2003, when we became the government, we started coming forward with programs that could reach out to the OEMs, understanding the supply chain impact. If we helped at the OEM level, that meant that that supply chain was going to get work. The best thing that we could do was ensure that our supply chain had work to be generating for the OEMs that they were supplying.

When we came out with the automotive investment strategy, that OAIS program, it was the first of its kind. That \$500-million fund—grant or loan, depending on who we were dealing with—leveraged over \$7 billion in investment.

When Toyota at that time was looking, "Where in the world would we place another plant that was going to build the RAV4," we could then land that plant.

**Mr. Peter Shurman:** Okay. Let me stop you there. I don't want to argue with anything that you've said to that point.

**Hon. Sandra Pupatello:** Well, I think you'd actually be supportive of that—

**Mr. Peter Shurman:** That's not a question. The question of supporting people who are manufacturing whatever in Ontario is not a question, not for me and not for anybody. What my question was addressing was the fact that we have lost a significant number of jobs. You're explaining, from a historical perspective, where it started and what you tried to do to address it. I understand all of that. Here's what I don't understand: why you weren't addressing, given what you knew—and you've just described well what you knew—what your portfolio says you're supposed to address, which is the economic development of Ontario.

If you were going to suffer in the auto industry, and you knew you were going to suffer in the auto industry because there are changes in that industry, why were you not addressing the attraction of other industries to supplant what you were going to lose in the auto industry so that you wouldn't have—and I'll get to these in a moment, as I said—figures that are as disastrous as they are now in the broader employment sector? Because

manufacturing is terrible. A loss of a third of the jobs—all jobs—in a period of six years is a disaster. If you look at the broader sector, you should have been pushing something else up if we were going to lose it to, for example, South Asia. You didn't. Why not?

**Hon. Sandra Pupatello:** Well, actually, that's not true, and I have to say that I wouldn't agree with the premise of your question at all.

To be fair, I won't give you the level of specifics that I can give you from 2006 on, because I wasn't the minister in this portfolio at that time. I can tell you, as a local MPP watching avidly when the Minister of Economic Development and Trade was actively pursuing additional sectors to come—and we have seen growth in other sectors. Let me speak from 2006 on, at least, because I've been in the portfolio since that time.

The amount of time that we spend on multiple sectors in Ontario is, frankly, historic. If we compare, just by the numbers, the number of missions that we do, the number of companies that participate with us on those missions, they are at historic levels now. We have never been a more active government on the international scene than we've been in these last several years. And there's a specific reason for that: When we leveraged our Open Ontario, it truly meant that we have to go out there in the world to see who we can get to come to Ontario.

But I do recall criticism, and receiving criticism at that time, when we brought a company in from France in the digital gaming business, knowing that we had to incent this company to come to bring a massive publisher, one of the world's biggest in the digital gaming industry, and that is Ubisoft, creating 800 jobs in the digital gaming industry, a subset of the ICT cluster—information and communications technologies. This is huge news for that sector.

Likewise, in the financial services industry, we have gone around the world to meet international banks, for example, inviting them to come and set up in Ontario because Ontario is the centre of the financial industry for Canada and the third-largest in North America, and moving to do more. Insurance companies that rank top in the world are housed here. And we're following these companies. We've actively pursued the financial services industry, and we've had growth in those industries, even despite the recession.

I picked those two examples for a reason. The video gaming industry is one of those that is actually recession-proof. When other sectors had massive decreases for a whole variety of reasons that the provincial governments of the world can't control, these are sectors that actually grew in the recession. These are the kinds of companies that we want to chase. These are the kinds of groups we want to have just because of that reason alone, let alone the fact that young people are walking out of educational institutions, which you and I fund through our tax base, great schools like Sheridan College—kids, we would call them, by their age only, who are walking into \$80,000-a-year jobs. These are great-paying jobs coming out of great institutions that our taxpayers fund. So it stands to

reason that we're going to focus on industry that lines up with the kinds of people that we graduate from our institutions.

**Mr. Peter Shurman:** When you describe it, it sounds great, and I have more than passing knowledge of technological aspects of industry, including the video gaming industry.

When you talk about addressing sectors, I really can't argue about addressing sectors, but I do argue—and I'm just putting this on the record, and I have before—there are sectors to address and then there are ways to address sectors. I think that's where the basic philosophy that you apply and your government applies differs from the way we would apply it, when we were in government, when we become government again, at whatever point that is. To use that example which you were just citing, you can't go out and say, "Ubisoft is a successful company and will create 800 jobs" by providing an incentive to that company alone. If you want to address sectors, you have to decide what you're going to do for the sector as a whole, and away you go.

The same thing, I would argue, would go for a deal like Samsung, which I'd like to get into later. Samsung wants to make wind turbines for the province of Ontario and, obviously from your government's perspective, create something for Ontarians that you believe in. I believe not in Samsung particularly but in renewables, if that's what you think the sector should be, and incenting the entire sector to come here. So where are the General Electrics and the Siemenses? You know what I'm saying. You're doing onesies and twosies, picking winners—

**Hon. Sandra Pupatello:** Come on. Let me answer.

**Mr. Peter Shurman:** Well, you make speeches; I'm going to make one too. You do onesies and twosies—

**Hon. Sandra Pupatello:** Let me in. Let me in.

**Mr. Peter Shurman:** I don't believe in picking winners and losers. I believe you pick a winner in a sector, and you transform that sector by creating the appropriate incentives to do so, not on a one-off basis.

Go ahead.

**Hon. Sandra Pupatello:** I'm going to call you out on this. As my official critic from the PC Party, I'm calling you out on the comments you just made, because what we've done in the last three years alone—

**Mr. Peter Shurman:** That's okay, because I call you out all the time.

**Hon. Sandra Pupatello:** I know—is we have made such dramatic tax policy shifts to the benefit of all business: small business, large business etc. Your party voted against every one of those initiatives, and the dilemma is why because it's—

**Mr. Peter Shurman:** Let me stop you right there. No, no, no, Minister.

**Hon. Sandra Pupatello:** No, I'm going to have to finish my statement so we know what to argue about, because there's more. I want you to argue it even more.

**Mr. Peter Shurman:** You'll finish your statement. You're not going to—



**Hon. Sandra Pupatello:** I'm going to give you more to argue about.

**The Chair (Mr. Garfield Dunlop):** Give a quick answer here and then over to Mr. Shurman, because he's got a debate to have here.

**Hon. Sandra Pupatello:** Thank you. When we come in with that policy that applies to all business—corporate income tax decreases, capital tax elimination, small business thresholds eliminated completely—these are the kinds of initiatives that your party purports to support. But it could truly be only for partisan reasons that when you see the kind of policies that you dreamed your party would have come in with but never had the nerve to, you voted against it even though, fundamentally and philosophically, you support that. You voted against it.

**The Chair (Mr. Garfield Dunlop):** Okay. Mr. Shurman.

**Mr. Peter Shurman:** My turn. May I remind my colleagues on the other side that if I choose to use the next 20 minutes and make a speech, that's what I'll do. It's my right.

**Hon. Sandra Pupatello:** This is more fun.

**The Chair (Mr. Garfield Dunlop):** Okay. Go ahead.

**Mr. Peter Shurman:** I'm not going to do that; I'd rather have the dialogue. But let me respond to what you're saying. We're not in the House, so this constant need that you seem to have to tell me what I voted against or what our party voted against doesn't hold any water here because the bottom line is your policy in addressing us is if we're not with you, we're therefore against you. That's not true.

**Hon. Sandra Pupatello:** But you voted against it.

**Mr. Peter Shurman:** I'll give you a perfect example. We just passed in the House today the accountability act—is that what it was, number 99? If we don't vote for that, therefore, we don't believe in accountability? No, what we don't believe in is how you address it. To suggest for a moment that in the field of economic development, broadly, if we don't go along with your policies, we're against the economic development of Ontario or any business sector is patently nonsense.

**Hon. Sandra Pupatello:** No, but what you said is that you want to do it in that blanket fashion that supposedly doesn't pick winners or losers. So to your point, when you come out with tax policy, which tax policy just by virtue of what it is as a tool is applicable to everyone, all businesses benefit. You come in with solid policy that you speak to all businesses, every sector; that corporate income tax is the same whether you're a banker or whether you're a toolmaker. That corporate income tax is that level—

**Mr. Peter Shurman:** Corporate income tax is, but tax incentives might not be.

**Hon. Sandra Pupatello:** So in that bill, three successive budgets delivered by the Minister of Finance that address tax policy—not programs that are incentive programs, I'm talking about tax policy: the small business threshold, elimination of capital tax, things that are applicable to all of them, which is the kind of thing that

would be part of a Conservative mantra. Those are the things that are smoothed out for everybody. It should be obvious that you would support that initiative, but you didn't. So you, frankly, have to explain to businesses why, when the government wants to give them incentive to reinvest in their businesses, just when they need to raise their levels of productivity, you would say no to such an initiative that is for all business. You explain to people why you do that.

**Mr. Peter Shurman:** You can paint me any way you want, but let's take an example, a very reasoned example—

**Hon. Sandra Pupatello:** But answer the question: Why would you be opposed to that?

**Mr. Peter Shurman:** Well, let's take a recent example that—

*Interjection.*

**Mr. Peter Shurman:** —that pits Ontario against Quebec.

**Hon. Sandra Pupatello:** But why would you say no to that? I don't understand.

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**Mr. Peter Shurman:** You went off on a trip to Israel looking at biosciences, life sciences. We were both at a plant one morning when you announced that trip. We were playing with robots.

**Hon. Sandra Pupatello:** Because I invited you to come.

**Mr. Peter Shurman:** What's that?

**Hon. Sandra Pupatello:** Because I invited you to come.

**Mr. Peter Shurman:** You didn't invite me to come; the Premier uninvited me to come.

**Hon. Sandra Pupatello:** He did not.

**Mr. Peter Shurman:** Yes, he did.

**Hon. Sandra Pupatello:** You were there, and I invited you.

**The Chair (Mr. Garfield Dunlop):** Get to the point.

**Mr. Peter Shurman:** All right, I'll get to the point.

So we're at this plant, and—

**Hon. Sandra Pupatello:** I invited you, and you were pleased to be there. You were happy to be there.

**Mr. Peter Shurman:** Minister, I'm going to get this question out one way or the other. You wanted to attract that kind of business and so did the province of Quebec, only the province of Quebec got about a two-year drop on you, and the tax credit for that kind of business where venture capital is concerned is 36%. Here, the tax credit—

**Hon. Sandra Pupatello:** Which business was it?

**Mr. Peter Shurman:** We're talking about venture capital tax credit: 36% in the province of Quebec; 10% in the province of Ontario. Why would anybody come here?

**Hon. Sandra Pupatello:** I'm not sure what business you were referring to just now?

**Mr. Peter Shurman:** We were talking about going to Israel and looking at life science, bioscience, biotechnology, that sort of thing. They have a jump on you. You could go and you could say, "We'll give you 50%,"

but the attitude of your government seems to be, “We can’t give anybody 50%; we’d lose 50% of the tax.” My attitude, as a businessman, is that I’d rather get 50% of something than 100% of nothing, and that’s what you’ve got.

**The Chair (Mr. Garfield Dunlop):** You’ve got three minutes left in this round, by the way.

**Hon. Sandra Pupatello:** If that’s what you’re saying, that you’re actually agreeing with the fact that when we come out in a budgetary fashion with the interactive tax policies for the digital gaming industry, then you should actually support that initiative, because what we did in that budget was, we came up to the level that Quebec was also offering for that industry.

I guess my frustration is that you’re saying that you disagree with something, but then when you advance it, you actually advance the very thing that we did, but then you don’t support it, and you don’t support it because you stand up with that cadre of Tory MPPs saying, “I guess we’re opposed to the Liberals,” but you need to be for business.

When there’s a good initiative and it’s going to be by tax policy, by an incentive program, by a way to reach out and drag these people to come to Ontario and make that investment, we want you to support us. So when you were invited—and you did come—to the launch of the Israeli mission, it was so that all of us could say, “That company that makes the most marvellous medical equipment, we’re going to help them.” That’s what our ministry does. We make connections for a company like that to reach into Israel and make perfect connections to do business and bring more jobs to the Toronto area; in fact, to your riding.

**Mr. Peter Shurman:** I cannot address—and it’s not for me to defend at these hearings. Okay? I cannot address what you did in the particular sector that covers video games.

What I can tell you is this: When you ask us to vote for your tax policy, you don’t ask us to vote on a one-off basis; you ask us to vote for a budget, an entire Liberal budget that is not basically on principles that are consistent with what we do—some are.

**Hon. Sandra Pupatello:** But in fact they are.

**Mr. Peter Shurman:** Some are—

**Hon. Sandra Pupatello:** You just admitted that they were.

**Mr. Peter Shurman:** —but most aren’t. And then you say, when we vote against the budget, that we’re against everything that’s there. That’s nonsensical, and you know it.

**Hon. Sandra Pupatello:** I’m going to presume that—

**The Chair (Mr. Garfield Dunlop):** We’ve just got a minute left here.

**Hon. Sandra Pupatello:** —at least on the economic matters, you would have supported those initiatives. You would support the elimination of the capital tax; you would support the elimination of the small business threshold; you would support the decrease in the corporate income tax, moving to literally 10%, so our combined

rate is going to be 25% better than any of the jurisdictions we compete against in the US—those were significant elements in that budget, and you would support those elements; that’s what you’re telling me today?

**Mr. Peter Shurman:** No, I didn’t say that at all.

**Hon. Sandra Pupatello:** Well, I need to know that you’re going to support that.

**Mr. Peter Shurman:** I said that there are elements of any budget that you present that are supportable. I would say that when you say, “Go ahead and vote for a budget as a whole,” it’s impossible.

**Hon. Sandra Pupatello:** True, but if you also say that you don’t like us picking winners or losers, as you described it—and I certainly don’t purport to be doing that at all with any of our policies because our programs are open for everyone to apply; it’s not picking winners or losers.

When it comes to a tax policy, it really is across the board, as you say. Those are the same things that Mike Harris talked about, those are the same things that Ernie Eves talked about, that Jim Flaherty talked about; in opposition you are now talking about that decrease of those corporate income taxes.

**Mr. Peter Shurman:** We’ll see how well you’ve done in the next round, Minister.

**The Chair (Mr. Garfield Dunlop):** That 20 minutes is up, and it went very quickly, by the way.

Now to Mr. Hampton. You’ve got the next 20 minutes, the third party.

**Mr. Howard Hampton:** As I did last day, I want to put a few things on the record. I know that the minister, of course, when she gets a chance to answer the government members’ questions, will no doubt want to comment on this.

What I find interesting is the report today of Ontario’s Task Force on Competitiveness, Productivity and Economic Progress. If I read one of the reports, “The recession and still-soft US demand for Canadian products is casting a long shadow over central Canada, one that risks sinking Ontario’s prosperity unless the province boosts its innovation and productivity levels.” This, by the way, is a report of an organization that, as I understand it, your government financially supports.

The report goes on to say, “Once the nation’s key economic engine and still its largest factory base, Ontario has fallen on tougher times in recent years. Employment and output remain below pre-recession levels. Last week, the provincial government predicted years of deficits, and cut its growth forecast for next year and 2012 because weak prospects for the US are seen to curb Ontario exports.”

“Ontario businesses are investing less in research, and produce fewer patents than other jurisdictions, the report notes. Productivity levels trail US peers, undermining the province’s prosperity potential. Last year, Ontario’s per-capita gross domestic product was \$6,900 below the median of the 16 largest states and provinces in North America.”

“The \$6,900 gap suggests the province is not realizing its full potential, for a variety of reasons....”



Then, it goes on to say, “‘We are laggards in creating economic value per hour worked,’ said the task force chairman Roger Martin, dean of the Rotman School of Management at the University of Toronto. For various reasons, ‘We are not leading the world in creating innovative products, services, and processes.’”

“So far, government innovation policies have been ‘inadequate,’ he said, focused more on ‘new-to-the-world inventions’ than on ... ‘relevant-to-the-market innovations.’”

That is one commentary.

The same report says, “Ontario’s government is overstating the benefits of its Green Energy Act and underestimating hydro rate increases, according to a new report on economic competitiveness....”

“The report—written by the Task Force on Competitiveness, Productivity and Economic Progress—points out that rising electricity costs could nullify some of the 50,000 new jobs the Liberals claim will be created.

“The task force notes a study of the Ontario green energy program by London Economics International, a global consultancy that estimated the act’s cost at between \$247 and \$631 per household per year—or the equivalent of two to six additional monthly electrical bills per year.

“The task force report also cites a study by Aegent Energy Advisors Inc., an energy consulting group, which estimated recently that partly because of expenses related to the act, residential electricity costs are expected to increase at an annual rate of 6.7% to 8% over the next five years.”

Then it goes on: “The predicted job-creation impact is also based, the report says, on what happened in Germany, which has implemented a similar green energy program that initially saw job increases that were eventually eroded by rising” electricity “prices.”

The report quotes Jim Milway, executive director of the Institute for Competitiveness and Prosperity, saying, “I think the province would be wise to have a fresh look at this and really ask themselves, is this the best way to go.... I’d strongly reconsider it before we get too far wedded to this.”

“Mr. Milway says the impact on rates ‘will probably be higher than what the government says.’”

He says, “‘While the GEA may create 50,000 new jobs, the higher energy costs may result in employment losses elsewhere in the economy, particularly in industries that are intensive energy users.’”

I pointed out some examples of that last day where, for example, Xstrata shut down their metallurgical plant in Timmins, which is basically a loss of 2,500 direct and indirect jobs, and they were very clear. They simply said, “We cannot afford to pay these electricity rates.” They’ll mine the ore in Timmins, but they’ll now ship the ore to Quebec to smelt it, refine it and process it there. Vale Inco, now called Vale, already made that decision with respect to the copper refinery in Sudbury. They’ll continue to mine copper in Sudbury, but they will ship it to Quebec to smelt it, refine it and process it there.

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A similar thing has happened in the pulp and paper sector. We still harvest all kinds of some of the best wood fibre in the world in northern Ontario, but now, by and large, we semi-process it into pulp and ship it elsewhere where it’s made into the sophisticated paper products which capture the higher price, and also, by the way, which represent the best jobs. When you ask companies why they’ve done this, they simply say, “We can’t afford to operate this electricity-intensive industry in Ontario anymore, so we do the majority of the processing, the paper-making, outside the province.”

That’s your Task Force on Competitiveness, Productivity and Economic Progress. They raise two serious questions. What I want to raise, and what I think needs to be answered—we saw, for example, the statistics that I requested last day on manufacturing jobs. In every CMA that I asked for, in fact, we have lost manufacturing jobs. The only place that shows an increase is Sudbury, and I think that’s probably related to the fact that, in 2004, there was a strike lockout at the Falconbridge-Xstrata mining and smelting operations and literally thousands of workers were off the job then. In October 2010, they’re back on the job and the strike at Vale had just been settled. I think that probably explains the differential.

But the reality is, in terms of good jobs that support families, that support communities, that pay taxes that enable us to support our education and health care systems, in just about every one of these regions—Hamilton, Kingston, Kitchener-Waterloo, London, Oshawa, Ottawa-Gatineau, Thunder Bay, Toronto and Windsor—we’re seeing a massive loss of those good jobs; a massive loss of those jobs that we need if Ontario is going to continue to have the kind of prosperity we’ve had in the past.

I still haven’t heard a strategy from this government as to how this is going to be addressed. I recognize now that you’ve put a lot of money into promoting the Green Energy Act, but your own task force is saying that it’s not going to generate the jobs that you claim; and if it does generate any of the jobs that you claim, you’re going to lose jobs in these other subsectors of the economy, which means you might have a wash or you might have a small net gain, but certainly not a 50,000 net gain and nothing that’s going to compare with the loss of manufacturing jobs that we’ve seen since July 2004—just a quick addition—over 300,000 good manufacturing jobs.

You can quibble back and forth about who voted for what bill or who didn’t vote for what bill. I think what these estimates are about is, what is the government’s strategy to address this? In my part of Ontario, where there is literally massive unemployment now, where virtually every town, every village, every city is staring at the loss of what was the centre of the local economy, people want an answer. They want to know what the future is.

You can only tell people to catch the flight from Thunder Bay to Winnipeg and then on to Fort McMurray for so long. You can only tell them to drive into Winnipeg and catch the flight to Saskatoon and work there for so

long. Becoming the new Cape Breton, where most people work away for six or seven months of the year, is not an economic strategy. It may help people until they're ready to retire. They can keep the home that they've already paid for, the mortgage that they've already paid off, but it's not a good long-term economic strategy.

That's what I think we're seeking here: What is the strategy? Your own competitiveness report says that simply relying on the Green Energy Act is not the answer. So I continue to come back to this.

How much time do I have?

**The Chair (Mr. Garfield Dunlop):** You have nine minutes left.

**Mr. Howard Hampton:** I continue to come back to this, and we haven't heard it here yet. We've heard some bravado about this particular—whether it be Ubisoft or that particular thing. But for all those people across Ontario who used to have a good job, who don't have a job now, and who are wondering how they're going to support their family, how they're going to keep their home and how they're going to continue to be a member of the community, they need an answer, and they're not getting it.

You and my colleague from the Conservative Party got into a bit of a discussion about taxes. I, too, want to touch on that because I think there is something for us to look at in that issue as well. It seems to me, in this argument about who cut taxes more, that we're missing some of the key points.

I simply want to read something, again—and this comes out of what happened in Ireland. Basically, what it says is:

"Research by economists at Trinity College Dublin into the impact of globalization on Ireland found that US companies accounted for 77% of Irish exports, while domestic enterprises made up only 10%. In 2002, the researchers found, foreign multinationals accounted for more than half of Ireland's corporate tax revenues, and foreign firms were earning a stunning 17% yield on investment. The researchers concluded that this impressive profitability and boost to the Irish treasury was not because of superior Irish productivity, but tax planning. The multinationals were funnelling profits through Ireland, attracted not so much by high skills but low taxes.

"The Irish tax haven is creating a stink in Brussels, where tax undercutting is seen as morally dubious and Germany is calling for a 'severe reform program' for Ireland."

When you read through the column, what it suggests is that being able to brag, "Well, we cut taxes most," is not a good economic strategy either. In Ireland's case, what I heard over and over again is, "Ireland is booming because it's cut taxes." It wasn't really booming. What the research study shows is that multinational corporations, because they can arrange where they take their profits, simply said, "We'll take our profits in Ireland—a lower tax rate." But it didn't do anything for the productivity of the country, and it didn't do anything to create a stable and solid base for the economy.

I would hope, when you have time—maybe government members will reiterate these questions again. I know that's usually what they do. I would hope that you would deal with some of that. Again, this argument, "We're going to cut taxes, and that's going to be the key," didn't work very well for Ireland.

In fact, the other piece of this is that many of the companies that were routing their profits through Ireland, once they got a lower tax rate in Poland, simply moved their operation to Poland and took their profits there. That's the other side of this, which is why it's causing such a problem in the European Union: because they see this shell game. They see this shell game of the lowest common denominator: "We'll cut our taxes, you cut your taxes, somebody else will cut their taxes" It doesn't really lead to productivity, and it doesn't lead to skill building. What it leads to is multinational corporations manipulating the difference between jurisdictions' tax levels.

Again, I think people want an answer: What is the economic development strategy for Ontario? It can't just be the Green Energy Act. It can't just be having lower taxes than the guy next door, because it sure hasn't worked for Ireland. It can't be solely any of those things. There's got to be a strategy here. I think people want to know: What is that strategy?

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**The Chair (Mr. Garfield Dunlop):** You have four minutes. Go ahead.

**Hon. Sandra Pupatello:** How much time, sorry?

**The Chair (Mr. Garfield Dunlop):** There's four minutes remaining in the third party's time.

**Hon. Sandra Pupatello:** Super. Thanks so much, because you asked a lot of questions, and I'd love the opportunity to respond. In fact, today, we led off this morning, because you ran the clock the other day and I didn't get an opportunity, so I gave my response to your colleague from Hamilton. I'd love to reiterate what I was able to share with your member from Hamilton.

The reality is that we want to fund an institute like the competitiveness institute because we want to be informed by people whose job it is to seek out good, solid advice for government. That's something that governments of the past should have done all along. When it comes to competitiveness, Ontario has been through the wringer since the early 2000s. Everybody acknowledges that that's the case.

We also recognize the levers that provincial government, a subnational government, can push on to cause what kind of change in our economy. So we're trying to change the levers that we can actually access to make a difference for people for good-paying jobs.

Let me just give you an example. When we're busy trying to land FDI, foreign direct investment, in the energy sector, in the green energy sector, here's the challenge that Ontario's been facing: The federal US Treasury launched a \$6-billion energy fund for all of the states to access. So when one state is chasing the same company that we're chasing, that local state can turn to the federal treasury to access a multi-billion-dollar fund



to help land that company in their state instead of in Ontario. We give them a run for their money, but ultimately, is it appropriate that a federal government can allow a company 90% of its capital costs to build a plant in a particular state? What do we have in response to that? We don't have near that level of deep pockets—well, perhaps some would say that neither does the US, but in any event, this is the kind of struggle that we face as we realize what is out there in the world to be had and how we go about chasing it.

When you talk about tax policy, you're at the opposite end of where my colleague and official critic is with the Progressive Conservative Party—or the Conservative Party; let me say that. The reality is, that's probably a good thing, because the Liberals are, in fact, in the middle. One side is complaining that we haven't cut taxes enough. The other side is complaining that we've cut taxes too much. That probably means we're exactly in the sweet spot that we need to be in the game.

I actually believe that on tax policy, what we charge companies in terms of corporate income tax, we should be middle of the road. There are other areas in the sectors that we chase. What matters in a knowledge economy is the knowledge of its workforce, and that's where Ontario excels above all other jurisdictions.

I think all of us would be impressed to note that we have the highest percentage of education in our workforce of any province in Canada, of any country within the OECD. That is huge. That means that we, at 63%, the average Canadian percentage at 61%, in stark contrast to the US, in the forties—

**The Chair (Mr. Garfield Dunlop):** One minute left, Minister.

**Hon. Sandra Pupatello:** That means that we chase what our post-secondary education students can do. Those are the industries that we're chasing.

We're actually doing very well, considering that we've been through some tremendous changes over the last couple of years. Segments of Ontario still are not out of recession. My community still has not readjusted in jobs from where we used to be.

We have more work to do. But we also recognize, just as the other two governments have in the history of Ontario governments, that the province has a role to play, and we are playing our role well. I'd hate to see where we would have been had it not been for an aggressive Liberal government to respond to the challenges of the day when we saw them staring at us in 2003.

**The Chair (Mr. Garfield Dunlop):** That's down to 15 seconds.

**Mr. John O'Toole:** On a point of order, Mr. Chair: I must correct the record here. In an article in the *Globe and Mail*—

**Hon. Sandra Pupatello:** Whose time is he taking?

**The Chair (Mr. Garfield Dunlop):** No, you can do it your 12 minutes. We're going—

*Interjection.*

**Hon. Sandra Pupatello:** I'm sorry, Chair. This is totally inappropriate.

*Interjection.*

**Hon. Sandra Pupatello:** He's totally inaccurate, Chair. Are you going to do points of order? Because I'll have a few of my own as well.

*Interjection.*

**The Chair (Mr. Garfield Dunlop):** Mr. O'Toole, you can bring it up in the 12 minutes you have left.

We'll now go to the government members. You have 20 minutes.

**Mrs. Maria Van Bommel:** Minister, I would just like to talk to you a little bit about southwestern Ontario, where my riding is. As you mentioned earlier, it certainly was and still continues to be an auto sector area, but a number of the jobs have been lost over the last little while and different things are starting to happen in the area in terms of new manufacturing and new job opportunities. Would you tell us a little bit about what you see happening in the southwest area in new jobs, economic development and trade?

Some of the things we were just talking about on the education front, because we certainly have our universities and colleges, where our kids are going to those schools; they're looking for future jobs. There's no point in going to school if you don't know where you're going to be working, so a lot of people make a decision based on what they see as their future opportunities as well as not just getting a higher education.

Would you kind of give me a little bit of an idea of what I can look forward to in the southwest and in my riding of Lambton—Kent—Middlesex?

**Hon. Sandra Pupatello:** Sure. The things that we've been talking about here at committee have been exactly how difficult it's been since the earlier 2000s and primarily in the southern part of Ontario, where we saw changes in the manufacturing sector, which is a predominant part of the economy in southern Ontario, because of the rise of the Canadian dollar against the American dollar. We saw those changes. We argued about what role the Ontario government could play. Even as an opposition member I would raise these questions to the ministers of the day in the House—and they were Conservatives at the time—to no response.

We watched a lot of the difficulties with our businesses at that time, and that really precipitated our drafting of our plan for when we did eventually become the government in 2003. When we came out with our programs, opposition members dared to dub them as corporate welfare. We knew that in fact they would work. I think that when we look in the rear-view mirror today we realize it was exactly the right thing and fortuitous that, had we known a recession was coming, we needed those large companies to make massive investments in the years that they did.

So we launched a program in 2004: The investments and partnerships started in 2005; the investments began in 2005, 2006 and 2007; and when we hit that recession in 2008-09, when we saw that was happening all over the world, we had already landed \$7 billion in the automotive sector alone because of our half-a-billion-dollar

fund to partner with these companies. That meant that those facilities were spared what other facilities in the United States then had to come to terms with: overcapacity, closing plants. We had our share of that as well, but not nearly to the degree of our southern counterparts, and that's because these companies could look and say, "We've just made a \$200-million investment in this facility. Surely we can't shut that one down." And, indeed, they did not.

What we see today, in only the last six months, is this resurgence of the automotive industry: shares for the company of General Motors higher than anyone would have predicted; \$2 billion in investment across that whole sector just by the OEMs alone, only in the last two months; getting ready for the future, getting ready for new product line, expanding; calling back workers who've been off for months and months. These are good-news stories that have an impact. The automotive sector, of all of the manufacturing generally, has a seven multiplier effect in the communities that they're in. That means that for every dollar they're investing, we're going to see seven more. There's no other sector that has such a huge multiplier. People would argue, "Why such a focus on manufacturing?" Because we recognize its importance in the economy at large, and that makes it critical for us, because it's a big part of what we do and what we do well.

We also note that we lost low-level manufacturing back in the 1980s. The triaging of labour costs hit Ontario years ago, and those jobs at the time were heading to southern parts of North America, like Mexico. Those jobs have since left Mexico and headed over to China. Then when India was less expensive than China, off they went to India; then from India they've moved over to Indonesia. Those are the things that have been happening in that triaging of labour.

What was good planning for Ontario? It was to focus on the kinds of industry that require knowledge in their workforce, because it's what we do best, and what we've done better than any government to historic levels. We don't say that; people in the business of education say it. They have never seen a government make this massive investment in education like the Dalton McGuinty government has done in the time that we've been in office; and that's true. Not only in infrastructure, not only in actual buildings: When you come to my hometown of Windsor and you see a brand new engineering school going up, cranes all over related to those kinds of buildings, in structure that means not just today for the investment of jobs in the future, but in 10 years when those engineers are coming out to claim those jobs—good-paying jobs, high-skilled jobs—because that's what we do best.

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We have seen more post-secondary education investment in Ontario just in these last few years than we have ever had in any period of time, as I like to say, since the tectonic plates separated. I think that is notable, and it plants our flag in the kind of industry that we want to see

in this province: a high-end, knowledge-based economy, and that means advanced manufacturing, ICT—information and communications technologies—and digital gaming, which is a big part of that and growing, and is recession-proof as well.

In sectors like aerospace where we know where our specialties are, we take the benefit of ICT and apply it to aerospace. So we do the best in terms of avionics for an aircraft, the systems of an aircraft, why you breathe clean air on any airplane—because of technology that's been built right here in Ontario, and when you land on any large aircraft, you're landing on Ontario landing gear.

As were in Israel on the last mission and we saw a huge plane fly overhead right in the middle of our reception, I could stop and recognize the EADS Airbus and say, "That, my friends, is Ontario landing gear," because it's true.

Those are great Ontario stories of how we are moving forward in what we want to create as a province. We want our businesses to do well, so we help them on tax policy. We want new businesses to come in, so we go out there to lure them, yes, with incentives also, to bring them into Ontario, because we want people to have good-paying jobs, and when they do that, they support the government so that we, in turn, can reinvest in the things that make a difference in their everyday lives, so that they can provide a good education for their kids—junior kindergarten, full-time. Find me another jurisdiction that gives our young children that kind of a start.

Let's move on: Why is it that we're the only place that we can find a law where those primary grades are 20 kids or less in those classes, so every kid gets the kind of attention they need, because more will go on to high school and graduate. That means more will go on to post-secondary because that's what children are going to need in 20 years to land the kind of job that they're going to want to be very productive. We need the kind of revenue to be able to do that, so we need people to have great jobs.

They want good health care. They want to know that when their loved ones need help, help will be there for them. That's a challenge that every single government of every political stripe has seen, the percentage of a government dollar going to the health care system, and we have to find a way to do it well. Hence, you see some of our activity on giving good care at the right time by the right professional. Those are key initiatives by our government to provide the kind of lifestyle that people in this province deserve. That's what our government's been doing.

If you go out there to people who are experts in their field—don't listen to the MPPs who are saying it. Go out into the field. Are we doing well by the economy? Ask the leaders of the manufacturing sector if they think they've seen another government that's been more activist than ours for that sector. They will say there isn't another that's been more active.

If you go to the aerospace industry and ask them, "Have you seen a government that's done more for you?"



they will say they have not. If you go to the ICT sector and ask them if they've had a government that's done for them than ours, they will say that there has been no other government more active than ours.

I will go sector by sector, because we don't sleep. We work on the economy because it's been stressed and it needs a lot of work. It needs good tax policy and good salespeople, and we need to be all over the world selling Ontario. That's what we do. There's not a person on the other side of the House who could do a better job than the McGuinty government. Thank you.

**The Chair (Mr. Garfield Dunlop):** Another question?

**Mrs. Maria Van Bommel:** Thank you, Minister. I'm going to carry that just a little bit further. One of the things in my riding that I'm particularly proud of is the fact that in Wallaceburg, which actually had a downturn long before the recession started—it was a very difficult time for that community even in 2003, when I was first elected.

One of the things that did happen for that community is—one of things that we've actually been able to bring to that community is Precismeca. I'm sure you remember that. Precismeca is an Italian company, but they actually had a plant in Alberta, and we were able to lure them away. I don't know if that's necessarily a good thing to be able to brag about, but I'm particularly happy that it landed in my riding, in Wallaceburg. We were able to bring them in.

We talk about corporate tax reductions. Those are part of the kind of package that we were able to offer to Precismeca to bring them from Alberta to Ontario.

I'm just wondering if you could talk a little bit further about things such as the AMIS program, the tax reductions and that sort of thing that we were able to do to bring this company in that builds equipment for mining—the conveyor belts and such—for the mining industry in northern Ontario.

**Hon. Sandra Papatello:** Thanks so much—

**The Chair (Mr. Garfield Dunlop):** You have 10 minutes, Minister.

**Hon. Sandra Papatello:** How much? Ten minutes.

We should talk about all sectors, because all of them are important, and they're important right across the province.

We've done some fabulous work in eastern Ontario. As you know, the eastern Ontario development fund that's landed—we were just in Kingston yesterday. When we were there, we were looking at a wonderful company that's been around for 112 years, almost as long as the country. It's called George A. Wright and Son. We met the great-grandson of this company, who took it—and only in the last 20 years has it moved from a shop of about 11 or 15 people to all of a sudden employing 100 people. It is a marvellous story there. They are making an investment of over \$10 million in that facility. It is the fifth time in recent years that they've had to expand that facility. This is a great news story.

The eastern Ontario development fund offered a \$1.3-million grant. It lined up with other assistance from

banks and institutions that they're working with. The company is on the hook for over \$10 million of investment—more jobs in that area for Kingston. It's a good story. They are going to be producing massive machining and fabricating capabilities, to the tune of structured steel 10 metres in diameter. This is about as large as this room, or more. It's massive.

The sectors that they're chasing are oil and gas, the nuclear industry, new green energy, and they know full well what they can produce is part of wind turbines for all of North America.

They've entered into a three-year contract with a hydro company, Andritz Hydro. They command 19% of the world market. Imagine: a company like that out of Kingston, with a little bit of help from the government, getting them to go and just take the plunge and invest in very expensive equipment, because they know there's a huge market out there that awaits them and it's not just the Ontario market. That's the beauty of the Green Energy Act that's been referenced by my colleagues in opposition in very unkind ways.

Let's be clear: If a company is going to set up shop in Ontario to be part of the green energy industries, it's not just because they intend to do work for Ontario, but because we want to launch them in North America. We want them to be poised to take just as much advantage of the strategic location of Ontario as other industries have done. Look at the northeastern quadrant of the United States and check out every one of those state policies on green energy. They are all moving to green energy. So we know, if we look—of course, California was at it before Ontario was, but even Texas, with massive wind turbines down there, and growing.

We're meeting companies that understand that green energy policies are coming to North America, and they're going to need to be served by good product. Why not take the capabilities that we have and have had for over a century in manufacturing and apply that to the kind of processing of products for the green energy industry?

When the NDP wants to ask about a plan and do we have a plan, of course we have a plan. We're in the middle of a plan and we're seeing the success of that plan.

I mentioned earlier this morning that if you go to a shop floor and look at a company that used to be wholly involved just in automotive—and understand that the volumes have fallen dramatically, that they don't see a rise in the volumes in automotive coming back for some time to the heyday of 18 million across North America—what are they going to do? They're going to get involved in the mining industry, and they're participating in our mining missions to find those customers because they know they can do that work. They're getting involved in the oil and gas industry, and they're joining with us in these Alberta missions so they can get involved and meet the OEMs of the oil and gas sector in Alberta. It's working. Those companies are finding work in this field and that is leading them to others.

I met a company called E.S. Fox, from the Niagara region. What a marvellous company. Because of their

involvement in our Alberta mission going back to 2007, that facility has doubled in size in the Niagara region, just because of the additional customers that they've found.

This is the kind of—not diversifying right outside of manufacturing, but using those capabilities to serve other clients with a specialty that only Ontario has with such a level of expertise. We're proud of this.

In the southwest in particular, where we see they were so hard hit, this kind of diversifying is an important move for our manufacturers to make, because they recognize that they do have those skills, that their workforce can do these things. They can become accredited to serve the wind industry because they have been accredited at ISO for the automotive industry for so long, and they realize, "We can do this."

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They need a little bit of bridging to meet the right customers and understand the supply chain in a different industry. So what do we do about that? We bring Bruce Power in to teach all of these manufacturers how to get into the supply chain of the nuclear industry. You'd be surprised that in a little town in southern Ontario, you've got these great companies that are serving in the supply chain of the nuclear industry and doing great stuff.

Then I meet these people when we're in Germany, talking to VW about doing some work for Volkswagen—whether that's in the southern states or direct to Germany, because once you get in, these OEMs are moving to world supply chains, and that's the opportunity for our companies. Can we find business for every company? No government can do that. Can we make the right connection so that they can do their job? Yeah, we can do that, and we're doing that, and we've never done it more than we've been doing it in these last few years.

Just comparing my expenses to my predecessors in previous companies, we spent less money and went to more places than the last government, which is an astonishing record. What was the percentage of our increase in trips covering much more ground—doing it with less money, but covering more ground? That, to me, is what we have to do as things tighten up, and we have to be mindful about even our expenses. Comparing \$81,000 to Minister Flaherty's \$89,000, they participated in a total number of 10 trips for the Conservative minister compared to 28 trips in the same time period for our government.

This is the kind of thing that is in our book of estimates. This is the kind of thing I want to get asked about. When you want to look at the lines in the book, let's look at expenses, since this is called the estimates committee. Let's talk about how much money we're spending on these things and what we get out of it for our businesses, because when I take our show on the road and we talk to businesses directly, we tell them the services that we deliver.

Do you know what we say, Chair? "Go to our website, ontario.ca." Here's what we guarantee those companies: "You go to our website and you wade through our website. It will save you time and money." So when I'm

speaking to these companies, they start telling me, "Well, I'm in this industry."

"If you go to our website, you're going to see that we have a mission exactly in that sector, and you should be on it." Or I tell them that our ministry has 10 offices around the world in key communities and markets for our sectors in Ontario. All they have to do is find our senior economic officer in Mumbai or in Munich or in London, England, and depending on that sector that they work on, there's a very related person over there who you can say to very easily, saving you time and money, "Here's what I do. Is there a place for my product in that market? Are there associations that you could hook me up with? Where would I go if I went to visit there?" These are the kinds of services that we give to our businesses in Ontario. It saves them time and money.

We have a geographic information system on our website for site selectors around the world. That website, that mapping system, has won international acclaim and award because it's so good; there isn't one like it. We built that. That's what we're doing for our businesses. We're doing things around networking, we're doing things around taking our message about Ontario so they can look and see that it's a place to invest. For the companies that are here, we're helping them with great tax policies of the likes we've never seen.

Chair, how much time do I have?

**The Chair (Mr. Garfield Dunlop):** You've just got a minute left in this round.

**Hon. Sandra Pupatello:** I need to read you this quote, because you, of all Chairs, will want to hear this quote.

**The Chair (Mr. Garfield Dunlop):** Okay.

**Hon. Sandra Pupatello:** This is one from that flaming Liberal named Jack Mintz from the University of Calgary, and this is what he said:

"Since 1980, when I began modelling the impact of taxes on investment, this is the largest change ever seen in a single budget, leading to the sharpest reduction in the tax burden on capital investment in any one province."

That was Jack Mintz's commentary about our last budget, that in fact across the board, with several changes in tax policy, it is to the betterment of industry, it is to help incent them to invest, to expand their business, to hire more people, to train people. This is what the Ontario government has been doing. This is what the McGuinty government goes out there to sell around the world.

**The Chair (Mr. Garfield Dunlop):** Thank you. That's very good.

Now we've got 12 minutes each to finish up. Are you—

*Interjections.*

**The Chair (Mr. Garfield Dunlop):** Mr. Shurman, you've got 12 minutes.

**Mr. Peter Shurman:** That would be the same Jack Mintz who predicts 600,000 jobs out of the HST, I assume? Minister, hello?

**Hon. Sandra Pupatello:** It's 600,000—



**Mr. Peter Shurman:** I've been counting, you know, as the jobs have dropped each month since the HST was introduced. But I wanted to get on to the record that that's the same Jack Mintz you're quoting.

I also wanted to suggest to you, Minister, that you take 10 trips instead of 28 and you spend \$89,000 instead of \$81,000, just like Minister Flaherty. We'll get into the employment figures in a second, but they were a hell of a lot better then than they are now. If you're into economic development, then you should be developing the economy.

But I want to call attention—and I want to get your response on this—to something that you said when my friend Mr. O'Toole was in here, and now we're on the record and in order. This is in today's press. I assume that you read the clippings, get briefed and are otherwise plugged into the various economic publications. So you know that Ontario's Task Force on Competitiveness, Productivity and Economic Progress came out, and what it says is, and I'm quoting from the *Globe and Mail*:

"Productivity levels trail US peers, undermining the province's prosperity potential. Last year, Ontario's per capita gross domestic product was \$6,900 below the median of the 16 largest states and provinces in North America.

"The \$6,900 gap suggests the province is not realizing its full potential, for a variety of reasons...." And one of the reasons that it gives, the top one, in fact: "Ontario's population has less university education than its US counterparts, it is less urbanized, and its businesses invest less in technology, the report said."

I didn't say that; the report said it. That's Roger Martin et al. You just said, if I'm not mistaken—we could get Hansard to read it back—about 20 minutes ago that we were the most educated jurisdiction in North America. Are you making this stuff up as you go along?

**Hon. Sandra Pupatello:** Are you going to let me finish now?

**Mr. Peter Shurman:** I'm going to let you start.

**Hon. Sandra Pupatello:** Thank you. And I am pleased. I think you and I had a debate last week when we were at committee, and we talked about issues around productivity. Actually, I think it was your colleague who asked this question—

**Mr. Peter Shurman:** It was my colleague. I'll get into that.

**Hon. Sandra Pupatello:** I said that academics and people in the business world have at least two areas where there is some common ground on productivity lagging and why in Canada. The Ontario numbers are difficult to pull out of the Canadian numbers, but overall, Canada does in fact lag in productivity against our American counterparts—

**Mr. Peter Shurman:** Ontario's per capita gross domestic product—it doesn't say Canada's—lags by \$6,900.

**Hon. Sandra Pupatello:** I'm talking about the productivity figures specifically, not necessarily GDP. But in any event—

**Mr. Peter Shurman:** Fine.

**Hon. Sandra Pupatello:**—the point being that what I said even then and acknowledge is that there are certain levers that the government can entertain, and we have, to make things better for business on matters of productivity. Why, we ask business, do we still have this lag? What academics have agreed, and this is one in particular—and I think our total to date in funding of the very institute that is making this report, because our ministry funds them—over \$9 million to date—for the express purpose of doing this kind of work, informing and advising—

**Mr. Peter Shurman:** Fine, Minister.

**Hon. Sandra Pupatello:** That's what the job is.

**Mr. Peter Shurman:** But that's not what I asked you. I asked you why you said that our education level is higher.

**Hon. Sandra Pupatello:** Listen, I don't know about you, but I actually look forward to their reports, because that tells me that they're using our money well, and that's what we want.

**Mr. Peter Shurman:** Well, I want to read anybody's report who's looking at Ontario. You and I have the same interest.

Having said that, why would you tell me and this committee that there's more education here, that everybody has a higher level of education here—

**Hon. Sandra Pupatello:** What I will tell you is this, and what I've reiterated a couple of times since estimates started: Ontario leads every OECD country on the greatest percentage of post-secondary education in the workforce, and that is true. We are at 63%, Canada is at 61%, and we are miles ahead of our American counterparts.

Where there is a difference between us and the United States is that, in the management level or executive level of companies, the education is in fact higher. For example, you will find more CEOs in American business with a Ph.D. or a master's compared to their Canadian counterparts. It's actually the level within post-secondary that is different, and we've acknowledged that.

I expect my opposition critic, when he sees elements, whether it's a budget or a bill that is promoting post-secondary education—this is going to be one member who actually understands why he needs to support government's ability to increase post-secondary education in Ontario, because there is that difference. We do have to make it more accessible. We have to make it easier for people to find a way to go higher in education than what they're currently doing.

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**Mr. Peter Shurman:** You constantly tell me what it is I need to support. I'm perfectly capable of making decisions about what I need to support myself. What you need to support is fact that comes out under the aegis of a legitimate institution that tells me factually what I should believe, not something that you made up as you went along. The fact of the matter is, the education level is down.

If I go on in this same report—I'm quoting Roger Martin, dean of the Rotman School of Management again:

"We are not leading the world in creating innovative products, services, and processes."

"So far, government innovation policies have been 'inadequate'—his word—"he said, focused more on 'new-to-the-world inventions' than on stimulating 'relevant-to-the-market innovations.'"

That flies in the face of everything you have been saying as you wax poetic about all the great things Ontario is doing.

The fact is—and I'm going to use that to dovetail into these numbers that I wanted to get into the record. I asked not for manufacturing, but broader-based statistics on the unemployment and employment rates of the general population by a top CMA over the course of your tenure—not yours, but your government's—July 2004 to October 2010. In Greater Sudbury: 8.6% unemployed in July 2004, 9.6% unemployed now. Hamilton: 6.3% unemployed then, 7.6% now. Kitchener-Waterloo: 5.7% then, 7.5% now. London: 4.7% to 8.9%. Oshawa: 4.7% to 10.3%—there's your auto sector. Thunder Bay—the only one that has actually improved, but it's a tiny sample. Toronto—and this is the big one—7.5% unemployed then, 9.2% now. And your own neck of the woods: 8.8% in 2004 in Windsor, 10.9% now.

You talk about economic development; I would say economic regress. Are you going to take pride in what you've been able to do when you look at figures like that? We've been out of recession for five consecutive quarters, Minister Papatello.

**Hon. Sandra Papatello:** Thanks for the opportunity to respond. What's really important to note is that you have never heard me say that we're out of the recession, because I see every day that we have not regained everything that we've lost through the recession.

I think it's important to note also that since 2003, we've had an addition of over 300,000, almost 400,000 jobs. What we saw in the loss during the recession—you've got to look at what's happened to the rest of the world in terms of unemployment. In that regard, Ontario has actually done better than jurisdictions it competes against. You know this is true because you've seen this come out, and these figures that you're quoting are data that we collect from Stats Canada. This is Stats Canada.

**Mr. Peter Shurman:** It hasn't done better than the rest of Canada, Minister.

**Hon. Sandra Papatello:** Let me tell you, we don't compete against Alberta, we don't compete against the Atlantic provinces. We do compete in some sectors with Quebec. We don't compete, most of the time, with Manitoba. We compete sometimes, in some sectors, with BC. The lion's share of our competition and our customer base is actually the United States of America, so that, my friend, is the relevant comparison. They have regained 10% of the jobs that they lost during the recession. Compare it to Ontario: We've regained 75% of the jobs.

The numbers that you quote are StatsCan numbers that we look at every day. What they tell us is that we're not finished our work. But what I worry about is, where would a city like mine be if it hadn't been for the programs we came up with when we did? What would Chrysler be like today if we didn't make the investment in the paint shop? What, my friend, would Woodstock be today if we didn't have that incentive to land that Toyota plant to make the RAV4, and now they've announced their second shift? We went through a recession, and Toyota still announced their second shift. Where would we have been without you supporting the kinds of programs that we would have brought—

**Mr. Peter Shurman:** Well, my friend, as you like to put it, where would we be if, prior to the recession, we had been addressing the fact that we had lost 300,000 jobs? Because we had. Before the recession began, we had lost 300,000 jobs. If I were looking at these figures based on 2004, which I did, up until 2008 instead of 2010, we would have almost the same thing. Yes, it's been aggravated a little bit, but you know what, Minister Papatello? Those jobs under your regime haven't come back, and—sad news—they're not coming back.

Do you know what I worry about? I worry about, when we take government, what we're going to do with it, because you just keep aggravating it. You take credit for all of these little things and you never take a look at the big picture. You want to tell us about a company here and a company there that you've thrown some money at, but you don't want to tell us about the big picture because you haven't got a plan.

**The Chair (Mr. Garfield Dunlop):** We've just got a few minutes left in this 12 minutes, okay?

**Hon. Sandra Papatello:** Thank you, Chair.

I guess that brings us back to the debate that we had earlier, that whether we're talking about a particular success story that, frankly, is a bit of a symbol for the industry itself—I might talk about Héroux-Devtek in Kitchener, which has made a massive investment in Kitchener in the aerospace industry, so let's talk about the aerospace industry at large, the aerospace industry which is benefiting from all of the tax policies that have applied to all of the businesses in Ontario for three successive budgets, improving tax policy as it relates to corporations so that they can do more, eliminating a capital tax so it does incent them to make investments in their operations so they can enhance their productivity, the very things we speak of.

Don't listen to me or believe me if you don't want to believe me. Call Ian Howcroft at the CME. Ask him about an activist government that is supporting manufacturing. Don't listen to me; call Rod Jones at the aerospace council and ask him what his view is of our government's role with the aerospace industry. Has there ever been a government that has kept that aerospace council busier? That would be the question of the day. Doing what? Selling Ontario companies to the world. And do you know what? It's working, because we have companies today that never dreamed that they could service the aerospace industry, and it's working.



This isn't one company, picking one out of the blue to talk about. But I have to say, it's kind of nice to tell a story that we can all relate to for the things that we see in an industry at large, because the industry is doing well despite the challenges that are challenges that many modern economies have faced.

When it's tax policy and it's broad tax policy, you're opposed to that. If there are individual stories that can relate how well a program has worked, you're opposed to that. You're opposed to everything.

What I'm recognizing is that we've all faced the challenge of our lifetime here. What would we do if we didn't have an activist government just when our businesses needed it? Where would we have been?

I fear that you're not being honest with people. I fear that you're going out there and saying that I'm dreaming a blue sky, knowing full well that you would obviously reverse what you don't support, and that means they're going to see increases in their corporate income taxes, the capital tax put back on, elimination of programs that are meant to help these companies. An AMIS program would never exist under your government.

**The Chair (Mr. Garfield Dunlop):** Minister, that concludes—

**Hon. Sandra Pupatello:** A Next Gen would never exist—

**Mr. Peter Shurman:** Minister, I just have—I know we're out of time.

**The Chair (Mr. Garfield Dunlop):** That concludes the time.

**Mr. Peter Shurman:** One line, Chair.

**Hon. Sandra Pupatello:** Time.

**Mr. Peter Shurman:** I don't need a lecture from you about being honest—

**Hon. Sandra Pupatello:** Talk to the hand. Talk to the hand.

**The Chair (Mr. Garfield Dunlop):** All right. Now we'll go to the third party. You have 12 minutes, Mr. Prue.

**Mr. Michael Prue:** Thank you very much, Mr. Chair.

I want to preface any questions I have with profound respect and admiration I have for the interpreter in that little room. As the two of them went at it, I don't think I ever saw anyone try to speak so quickly in my entire life. I listened and I'm hoping to tone it down so that he can keep up, because I am sure that there are French-speaking people in this province who want to hear these answers. I would implore the minister, if it is at all possible for her, to speak in more measured tones so that it can be captured.

Having said that, I have a couple of questions. I'm sure the answers will be much longer than my questions. In the paper in the last couple of days there were articles in the United States about GM and the IPO and how they were being funded and how some of the shares were being sold back and questions of that nature. How many shares does Ontario own of GM?

**Hon. Sandra Pupatello:** I'm going to refer all of the questions on GM shares to the Ministry of Finance. We

had that this morning as well. Just in fairness, it does have carriage by the Ministry of Finance, but we'll be happy to submit any of your questions to them and then they'll provide you with some written responses if they can.

**Mr. Michael Prue:** I guess you can't tell me whether or not any of our shares have been sold. I know that I saw in the newspaper that Canadian and possibly Ontario shares were being sold. You wouldn't know that?

**Hon. Sandra Pupatello:** We will send you official responses from the Ministry of Finance.

**Mr. Michael Prue:** Okay, it doesn't look like there's much for me to ask in that category.

Here's another one, and this is on the Green Energy Act. I understand that this is not your direct responsibility, but I have a few questions about the economic spinoffs of the Green Energy Act. Can you detail all the manufacturing facilities—solar, wind, all of them—that have been committed to as a result of the Green Energy Act? I mean, it's all over the news every day, and every day in the House I hear you and other ministers of the government talking about the tens of thousands or hundreds of thousands of jobs that will be created. Can you detail those manufacturing facilities that have committed as a result of the Green Energy Act?

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**Hon. Sandra Pupatello:** Again, that level of detail would be better served by the Ministry of Energy which has carriage of the Green Energy Act. I will tell you, by way of example, a great company like WindTronics, that is a Michigan-based company that set up in my neck of the woods in Windsor, Ontario, is hiring up every day. They've taken up an old Magna plant that was shuttered, and we were delighted to see WindTronics enter into this facility.

It's along the lines of my discussion with my colleague Maria Van Bommel. That is that a number of our manufacturers are getting into the green energy business. I certainly know that, in an ad hoc way, this is happening repeatedly, especially in the manufacturing districts around Ontario. There are a number of announcements that have been made daily with companies that are out there selling their wares knowing that they have certain commitments to abide by the Green Energy Act. They need to make it public to others who are the developers in the green energy business who are actually getting the contract from the government of Ontario. They need to make it public that they, in fact, will be accessing local manufacturing. To this end, there are a number of announcements that have been made, and we're delighted by that. We're delighted by every one of them.

About two years ago coming up this spring, we had already started trumpeting the Green Energy Act around the world. We were in Germany talking to German companies, frankly, talking to the world's leading companies in wind and solar so that we could let them know legislation that was before the House, when we anticipated that it might be passed, what it might look like and that that would be of interest to them. We spent time talking

to them on the telephone. We met them in person. They came to Ontario to visit to see what the lay of the land would be like, and many of them have just been delighted to see the open arms. In fact they, in their words, feel that they have a government who understands the need to get into the green energy business.

From our perspective, it's two-fold. One is an environmental one that I would hope that the NDP would support, or the NDP used to support, and that is shutting down coal-fired generation. This is one of the single largest beneficiaries to decreasing GHGs in Canada; it's going to be shutting down Ontario's coal-fired generation. We're doing that, but we do have to replace that generation. To select that we can do with some of that generation being green, I think, is a great thing. Then being able to tie in the economic benefit to Ontario by going green, I think, is a great incentive for other jurisdictions so people can see the benefit. You can have good environmental policies, and you can see good for the economy in the same breath.

That's what we're hoping to achieve with the Green Energy Act. I think it is new; it's virtually leading in North America, so many people are watching carefully to see what's happening here. But we would expect that the NDP would support such an initiative: good environmental promotion for good economic gain. That's what we want to see. That's what we are championing.

**Mr. Michael Prue:** I'm trying to find out how many. You cannot detail all the manufacturing facilities. You gave me, anecdotally, one. Has your ministry determined how many jobs will flow from the investments? I've heard 50,000 repeated over and over and over again. How many have been created to date, and how many do you expect? Do you still expect 50,000 jobs?

**Hon. Sandra Papatello:** Well, the initial commitment was that over three years after the bill was introduced—remember, the bill came into the House last spring. It was passed at the end of the spring session. The regulations were tabled last November. Essentially, we've had the act for a year. In that time, we've had tremendous activity on the economic front. In fairness, we need time for people to do things like build facilities. Then, they need to hire people. So when they said 50,000 people, it was over a three-year period after the bill became law. We're really at the beginning stages of it.

As you said, you're hearing about it every day; that's because there are companies making announcements every day. Many of them, we're reading about in the clippings, but they need to be public about the fact that they'll be manufacturing locally because that's a big part of the Green Energy Act.

I would expect that the NDP members would actually support that initiative, that they would see local economic benefit from good environmental policy.

We don't know what the exact number is today, but it would be impossible for any of us to know. When a company is making an announcement, have they actually done the hiring yet? Have they started the hiring? They may not need to hire until they have a facility. Do they

have the production levels yet to begin the facility? When is that going to happen? That is going to happen over time, and that process has begun.

Remember, this is a brand new law for Ontario. It's brand new to North America. It is light-years ahead of most of our colleague jurisdictions. That's not us calling it that; it's Al Gore, who follows these matters on the international scene.

I would hope that in your query—I'm going to suggest that perhaps you support these green jobs, and if you do support these good, good-paying jobs, you would support the Green Energy Act. You would support the shutting down of coal-fired generation. You would support that in the interests of our children breathing clean air. You would support initiatives that would lower greenhouse gases across Ontario, and if we do it well and do well for the economy, other jurisdictions would also say, "We can do this too."

I live in Windsor. I'm very mindful that the greatest part of the pollution in my hometown comes from across the river, in the United States of America. It's nice to clean Ontario's air, but we need to incent other jurisdictions to follow suit. If we can show them good economic benefit from this kind of environmental push that's pushing the Green Energy Act, I think that's a great thing for government to do.

**Mr. Michael Prue:** Well, I've listened again, and I've listened and listened here, and I'm still not getting any answers. I'm getting a whole bunch of political hyperbole. The only time that I ever hear about the jobs being created is mostly from your lips, not from anywhere else. Nobody else is touting that these are actually happening.

Today, in terms of the Green Energy Act, there was a task force report. "The report—written by the Task Force on Competitiveness, Productivity and Economic Progress—points out"—and I'm reading here from the National Post—"that rising electricity costs could nullify some of the 50,000 new jobs the Liberals claim will be created." Is that true?

**Hon. Sandra Papatello:** I think that report is also speculating, as you are, in terms of what the job count will be.

Realistically, we've had the law for one year. We have had two tranches of contracts released by the Ministry of Energy so far. In one tranche of contracts, we saw a total of some 1,000 megawatts of power that would be released. Once those contracts are released, then a whole bunch of economic activity begins. The people who got the contract, that is, the developers, need to look for who's going to build their stuff. The people who build stuff need to find the developers, and that dance has been going on for several months now. Once they decide how they're going to match up, then that manufacturer has to say, "Well, I'm manufacturing in Ontario," and site selection begins.

There are a number of economic development officers across the province who have been engaging with green energy companies for months now. All you need to do is take a walk through most of Ontario and talk to the



economic development commissioners, and they will tell you that they've been showing sites. They've been showing some sites where they might, unfortunately, have had a plant closure. They've got the perfect opportunity for a quick start-up. This is the kind of activity that it's been generating.

Are we still in the early days? Absolutely we are—

**The Chair (Mr. Garfield Dunlop):** A minute and a half left, Minister.

**Hon. Sandra Pupatello:** We've just released the contracts for who is actually going to get paid with the FIT rates for the Green Energy Act, so we can't presume that at this point the manufacturing facilities are up and running, because they're not. It is very early stages in this process.

But I have to tell you, it's a new law. It's new to North America. It's the first of its kind. It's been dubbed by Al Gore as one of the best he's ever seen in the world. We think we're on the right track. We think that we will be seeing more and more activity as time goes on. But the right things are happening at the right time, and I think—and I would hope—that you would support this; that when you see companies wanting to get into the green energy business when they've been manufacturing in other sectors before, but they see an opportunity to have new customers, you would support that. We want to be able to tell that story: that we can do right by the economy and we can do right by the environment, and other jurisdictions will want to follow suit.

**Mr. Michael Prue:** Well, I think—

**The Chair (Mr. Garfield Dunlop):** You've just got a few seconds here.

**Mr. Michael Prue:** Yes, I think that Lee Greenberg said it best, to close: "Ontario's government is overstating the benefits of its Green Energy Act and underestimating hydro rate increases, according to a new report on economic competitiveness to be released" today. I think that pretty much sums it up.

**The Chair (Mr. Garfield Dunlop):** Okay, thank you very much to the third party. We have 12 minutes remaining for the government members.

**Mr. Jim Brownell:** In the answer to a question from the member from Lambton-Kent-Middlesex just a few moments ago, you traveled the province, with some great examples of our commitment to supporting business in Ontario. Not only did you refer to businesses there, but you went around the province and came down east to Kingston and talked about the eastern Ontario development fund. First of all, I want to say thank you to the province of Ontario and the ministry for supporting the call for the eastern Ontario development fund. I'm not going to deal a whole lot with that, but I just wanted to say thank you for that.

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Your passion, your interest—and if they talk about what's going on up there in the booth, it's because of your passion and your interest in making sure that our province is supported, not only with the businesses in the province, but supported as you travel the world. I want to say thank you for that.

I want to go a little further east. My riding abuts the province of Quebec, and we're very well aware of the Ontario-Quebec trade and cooperation agreement. This, as part of the Open Ontario plan—and in that Open Ontario plan, it says it will create an Ontario that is "open to new ideas, new people, new investment" opportunities.

We have this plan in place now, and I would like to know what some of the key objectives of that Ontario-Quebec trade and cooperation agreement are. What are some of the objectives of that?

**Hon. Sandra Pupatello:** Just as some of my earlier comments related to the economy and who we do business with, Quebec is our competitor in some instances. It's also our greatest customer. We do more business with Quebec—Ontario businesses do—than any other province in the country. Combined, we're 70% of the GDP of the country. When Ontario and Quebec decide we're going to work together on something, we are a powerhouse.

When we hosted the Minister of Economic Development and Trade from Quebec—and I had the privilege of introducing him to a business crowd here—I said, "Central Canada is back." It's been a long time since we've heard that, and that's for a whole host of reasons. But what really is important is that if you're in different parts of the world and you look at North America on a globe, people don't really distinguish where that boundary is that separates Ontario from Quebec; they just know we're in the middle of Canada. As an economic entity, we are a powerhouse, whether it's the pharmaceutical industry, the biotech industry, manufacturing, advanced manufacturing—that's what we both do very well. Imagine what happens when we put ourselves together to decide we're going to do something together.

What we knew was that there are a number of barriers that separate businesses doing business as easily as they could, so we went to them and said, "What can we do to make business simpler?" In fact, just a few weeks ago my colleague Minister Gignac, the economic development minister for Quebec, and I launched the private sector committee that is now, on an ongoing basis, tasked with coming back to us for more and more examples of work that we would do across our government and theirs to smooth out things like regulatory changes that would make it easier to do business; so that we would make it the same.

One good example is the LCVs in the transportation industry, the long combination vehicles. It seemed that we had different regulations, so that when the transport got to the border they would actually have to change their cargo to different vehicles to be in compliance with the regulations in the different provinces. Well, I don't think there's a Quebec father or mother or an Ontario father or mother who has a greater sense of safety for their family on the highway; we both do. Likewise, we both have an interest to have safe roads and to do right by business as well. So where we can make changes to make regulatory smoothness across our boundaries, we should do that. That was one example.

So, you saw our Ministry of Transportation align our regulations with our Quebec counterparts so that we would save our businesses the added time and burden of actually changing cargo between trailers so that they could be in compliance, depending on what side of the border they were on, which just sounded crazy to us. We needed to fix that.

It's a matter of how we do business. We've agreed that when we're going to make changes to how we do business, we're going to post our regulations on a registry. That means that people in Quebec get to see and their government gets to see what we're going to do and what kind of impact it's going to have. So before we actually implement these new initiatives, we already know. We can take their advice into advisement to say, "Should we be doing this? Because if we do it, we're going to create a barrier to trade between Ontario and Quebec."

These things are important. There are a whole host of areas still to be worked on. It's a continuing story. It's not just that we signed the document and the work is over; in fact, the work has just begun. Some of it is an understanding that we can do more together. We've talked about doing joint missions in different parts of the world. When the world hears "Canada"—we should all be cloaking ourselves in the Canadian flag right now because our star is rising, and we should be taking advantage of that, just like the financial service industry of Canada, the starlet on the world stage—take full advantage of that and take this time to sell financial services, because the whole world is watching right now.

Likewise, Canada, because we've done relatively better than other jurisdictions through the world recession—take advantage of that when people are watching to sell what we have to sell in Ontario. If Quebec does the same—what a powerful message, if we were to go out to the world stage together and sell central Canada.

To be honest, if they were to land an investment that we didn't happen to land, the Ontario economy will also benefit, and likewise. That's just because we have such an integrated market between Ontario and Quebec. We want to do more of that kind of work.

To be honest, businesses don't understand this difference, and if I ask people who live on my street, in my hometown, they would wonder: How did it come to be so different? And couldn't we have done it better? I think it merits taking a whole new approach, which is what we've done with the accord between Ontario and Quebec.

**Mr. Jim Brownell:** With regard to the consultation process, how involved was Ontario in the consultation process with the stakeholders?

**Hon. Sandra Pupatello:** With the Ontario-Quebec stakeholders?

**Mr. Jim Brownell:** Yes, with Ontario-Quebec.

**Hon. Sandra Pupatello:** Well, significantly. If we didn't see that there was an interest from the business community to do this, we would not be doing it. It was driven by the economic development and trade ministries of both provinces. If our businesses aren't interested,

we're not going to be spending time on a political activity.

What's turned out in the end to be an ongoing joint cabinet meeting, where all of our ministries who work with our colleague ministries—we work continually throughout the year and use that annual joint cabinet meeting to report, essentially, on the work that's been going on all year as an indication that this is not just a one-off event, where we head over there when we could have our cabinet meeting here instead. It really is an ongoing process.

Our businesses responded very positively. They asked us to do more, so we've created a private sector advisory committee that will be spreading out across sectors to talk about the things that they would like to see—in particular, those who do significant business with Quebec.

**Mr. Jim Brownell:** Very good. How much—

**The Chair (Mr. Garfield Dunlop):** You have four minutes left.

**Mr. Jim Brownell:** I'll just go back a little bit, now back over across the border to eastern Ontario. I mentioned before the success of the eastern Ontario development fund, and I'd just like to spend a minute on that.

All the words can be said by the opposition with regard to the progress that we're making. We are making wonderful progress in this province. In 2006, Cornwall, a major city in my riding—the only city in my riding, I should say—was very severely hit with the paper mill closure. We have rejigged a city like no city has ever been rejigged, with regard to economic prosperity and stability.

The eastern Ontario development fund—I attended this summer down at Reynolds Food Packaging in Summerstown, just to the east of Cornwall, and saw the smiles on the faces and the excitement in the workers. The workers came out that day, and they couldn't have been happier with knowing that there was stability and that their company would have these opportunities to expand. Those are quite exciting times.

I'm just wondering if you could give a little more detail on what you're seeing with regard to that eastern Ontario development fund and the effects of it.

**Hon. Sandra Pupatello:** Sure. I guess I'm impressed, because you do recognize that when you're in a community—in eastern Ontario, the cities are certainly not as large as Toronto; they're smaller cities—and a lot of it is rural Ontario. So when you have a company that has 50 employees, that's a big deal. That's a big employer for a lot of our smaller towns in Ontario. The eastern Ontario development fund will tend to focus on smaller companies—just a little bit of help in some instances.

Reynolds packaging that you referenced: What we're doing there is providing \$102,000—that may not seem like a lot, but that's a lot of money—creating 45 new jobs.

But, better yet, I think the point you made is more important. It's the notion that people can see, when they work there already, that there's a sense of stability. If we've learned one thing through this recession, some-



thing that hasn't gone away yet, it's that even when people still have a job, there is, more than ever, a feeling of, "Oh, I don't know how long I'm going to have this. How long is there going to be certainty in my own world?"

For a company like Reynolds to say very publicly, "We're here for the long haul; we're making a massive investment in our company"—security for the people who already work there—"and we're going to add 45 more jobs," that is a big deal, and frankly, it wouldn't have happened without the eastern Ontario development fund. We've got to recognize that, that sometimes all it takes is to make that kind of investment.

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All of the experts in economic development will say, "You can spend as much time chasing new people to come into Ontario, or you can spend half the time expanding the ones you already have." That is a whole element of what we do in economic development. How do you retain, and how do you expand businesses that we already have?

**The Chair (Mr. Garfield Dunlop):** You've got a minute, Minister.

**Hon. Sandra Pupatello:** So the services that our ministry provides around export services, finding new markets, finding new customers—is it next week we're going to be in London with Home Depot? At Home Depot, December 13, in London, Ontario, we're bringing small businesses together with a big retailer. It's on eco products. We're going to have our small businesses, which could never get in the door of the buyers for a big chain like Home Depot. We're creating the environment, we're creating the supplier fair, to put our Ontario companies in the same room with the big buyers from Home Depot. We can't guarantee that Home Depot is

going to buy that product and pick it up as a product on their shelves, but they've got to have that opportunity to even offer it.

Those are the kinds of services that our ministry does very well, and it makes a big difference for small business in Ontario, whether you're in eastern Ontario or southern Ontario.

**The Chair (Mr. Garfield Dunlop):** That concludes your time today. Thank you very much to everyone.

Minister, do you want to say anything in closing?

**Hon. Sandra Pupatello:** How much time is there left? Are you going to talk otherwise?

**The Chair (Mr. Garfield Dunlop):** No.

**Hon. Sandra Pupatello:** Okay. I'm all set.

**The Chair (Mr. Garfield Dunlop):** Thank you very much then. Ladies and gentlemen, that concludes the committee's review of the estimates of the Ministry of Economic Development and Trade.

We will now deal with the votes. There are two votes.

Shall vote 901 carry? Carried.

Shall vote 902 carry? Carried.

Shall the 2010-11 estimates of the Ministry of Economic Development and Trade carry? Carried.

Shall I report the 2010-11 estimates of the Ministry of Economic Development and Trade to the House? Agreed.

Thank you very much, Minister Pupatello, to all your staff and to the Legislative Assembly staff, especially to the translators, Hansard etc.

The House has ordered that the estimates committee present its report on all estimates considered by tomorrow, November 24. Therefore, this committee now stands adjourned until the call of the Chair.

*The committee adjourned at 1745.*





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Mr. Bob Delaney (Mississauga–Streetsville L)

Mr. Garfield Dunlop (Simcoe North / Simcoe-Nord PC)

Mr. Phil McNeely (Ottawa–Orléans L)

Mr. John O'Toole (Durham PC)

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Mr. Howard Hampton (Kenora–Rainy River ND)

Mr. Paul Miller (Hamilton East–Stoney Creek / Hamilton-Est–Stoney Creek ND)

Mr. David Ramsay (Timiskaming–Cochrane L)

Mr. Lou Rinaldi (Northumberland–Quinte West L)

Mr. Charles Sousa (Mississauga South / Mississauga-Sud L)

#### Also taking part / Autres participants et participantes

Mr. Michael Prue (Beaches–East York ND)

Mr. Peter Shurman (Thornhill PC)

#### Clerk pro tem / Greffier par intérim

Mr. Trevor Day

#### Staff / Personnel

Mr. Larry Johnston, research officer,  
Legislative Research Service

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# Legislative Assembly of Ontario

Second Session, 39<sup>th</sup> Parliament

# Assemblée législative de l'Ontario

Deuxième session, 39<sup>e</sup> législature

## Official Report of Debates (Hansard)

Wednesday 20 April 2011

## Journal des débats (Hansard)

Mercredi 20 avril 2011

### Standing Committee on Estimates

Organization

### Comité permanent des budgets des dépenses

Organisation

Chair: Garfield Dunlop  
Clerk: Sylwia Przedziecki

Président : Garfield Dunlop  
Greffière : Sylwia Przedziecki



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## LEGISLATIVE ASSEMBLY OF ONTARIO

## ASSEMBLÉE LÉGISLATIVE DE L'ONTARIO

STANDING COMMITTEE ON  
ESTIMATESCOMITÉ PERMANENT DES  
BUDGETS DES DÉPENSES

Wednesday 20 April 2011

Mercredi 20 avril 2011

*The committee met at 1614 in room 151.*

## ORGANIZATION

**The Vice-Chair (Mr. Robert Bailey):** Members, I call this meeting to order.

Good afternoon, committee members. As you know, the Lieutenant Governor has transmitted the estimates of certain sums required for the services of the province for the year ending March 31, 2012, to the Legislative Assembly. Pursuant to standing order 59, these printed estimates, upon tabling, are deemed to be referred to the Standing Committee on Estimates. All members of the House should have received a copy of the 2011-12 expenditure estimates after they were tabled yesterday, Tuesday, April 19.

The objective of today's meeting is to select the estimates of certain ministries or offices for detailed review by the committee. Standing order 60, which you all have before you, sets out the process by which the committee makes its selections. Essentially, each of the recognized parties on the committee shall select the estimates of either one or two ministries or offices in each of two rounds of selection. The official opposition selects first, followed by the third party, then by the government. After two rounds of selection, the committee will have selected the estimates of six to 12 ministries or offices for review.

Each party also determines how much time is to be allocated to the consideration of estimates of each ministry or office selected. A maximum of 15 hours is permitted per selection. If only one ministry's estimates are selected in a round, those estimates could be reviewed for a maximum of 15 hours. If the estimates of two ministries are selected in a round, they could be reviewed for a combined maximum of 15 hours. It is up to the party making the selection to determine how the 15 hours are to be divided between those two ministries chosen.

At the conclusion of the two rounds, a maximum of 90 hours will have been allocated to the estimates review of the selected ministries or offices. The ministries and offices shall be reviewed in the order in which they were selected. This order may only be changed by an order of the House.

Are the members ready to begin the selection process? Seeing no opposition to that, I guess we'll go to the official opposition. Mr. O'Toole.

**Mr. John O'Toole:** Thank you very much. I'm certainly here, substituting quite capably, I think, for Garfield Dunlop, and yourself, I guess.

I know I'm not allowed to make a speech, but I will anyway. The 2011-12 expenditures are another example of the government's increasing spending, and we're here to hold them to account. How we're doing that is in round 1, I want to move that our choices would be revenue, which is the HST debate, and government services, which is the increased spending in public sector wages.

**Mr. Bob Delaney:** Time, John?

**The Vice-Chair (Mr. Robert Bailey):** How many hours, Mr. O'Toole?

**Mr. John O'Toole:** We have to pick seven and a half hours, I guess.

**The Vice-Chair (Mr. Robert Bailey):** For both?

**Mr. John O'Toole:** I would say—

**Mr. Bob Delaney:** If you pick seven and a half for one, it stands to reason—

**The Vice-Chair (Mr. Robert Bailey):** Yes; we want to leave seven and a half for the other. Okay.

The third party. Mr. Prue.

**Mr. Michael Prue:** We do go a couple of rounds?

**The Vice-Chair (Mr. Robert Bailey):** Yes. It's like the first draft choice.

**Mr. Michael Prue:** I think we'll go with finance for the whole 15 hours.

**The Vice-Chair (Mr. Robert Bailey):** Okay. The government members, please.

**Mr. Bob Delaney:** The government is pleased to announce as its first draft choice the Ministry of Intergovernmental Affairs for seven and a half hours, and the Ministry of Municipal Affairs and Housing for seven and a half hours.

*Interjection.*

**The Vice-Chair (Mr. Robert Bailey):** I'm given good counsel here that there is no Ministry of Intergovernmental Affairs.

**Mr. Bob Delaney:** Gosh, that will be a surprise to the minister.

**The Vice-Chair (Mr. Robert Bailey):** We'll check on that.

**Mr. John O'Toole:** Just go around.

**The Vice-Chair (Mr. Robert Bailey):** We'll go around to the member of the official opposition.



**Mr. John O'Toole:** We would certainly put forward the idea of unanimous consent that we get their time, because there's no ministry that they asked for. Does everybody agree?

**Mr. Bob Delaney:** No.

**Mr. John O'Toole:** In round 2, I would put forward—I'm not totally in agreement, but I have been told—energy and the Attorney General; that is, Duguid and Bentley. Energy would be for the high cost of energy for Ontario citizens, and the Attorney General would be for the unfairness to victims of crime, just to give you a little bit of our spin.

**The Vice-Chair (Mr. Robert Bailey):** So seven and a half again for each?

**Mr. John O'Toole:** If we could have more—there's an option here—it would be research and innovation, because there's been so little of it.

**Mr. Bob Delaney:** You only get two this time, John.

**Mr. John O'Toole:** Okay. We've got to try. We got it on the record; it's all on the record.

**The Vice-Chair (Mr. Robert Bailey):** Mr. Prue?

**Mr. Michael Prue:** We will choose health for 15 hours.

**The Vice-Chair (Mr. Robert Bailey):** Health?

**Mr. Michael Prue:** Health. That would be the Ministry of Health and Long-Term Care. It's all one ministry. I want to make sure it's not just divided.

**The Vice-Chair (Mr. Robert Bailey):** Okay. So noted.

Mr. Delaney, it would be the Cabinet Office, then. We show here that the Ministry of Intergovernmental Affairs comes under Cabinet Office.

**Mr. Michael Prue:** I think that would be a great choice.

**The Vice-Chair (Mr. Robert Bailey):** That's the way it's listed in the estimates.

**Mr. Bob Delaney:** All right. If that's the way it's listed, that's the way it's listed.

**The Vice-Chair (Mr. Robert Bailey):** Okay. That's still your choice, then?

**Mr. Bob Delaney:** Yes, Chair.

**The Vice-Chair (Mr. Robert Bailey):** Okay.

**Mr. Bob Delaney:** Our second round draft choices are the Ministry of Transportation and highways and the Ministry of Economic Development and Trade.

**The Vice-Chair (Mr. Robert Bailey):** Okay. For seven and a half hours each?

**Mr. Bob Delaney:** Yes, sir.

**The Vice-Chair (Mr. Robert Bailey):** Okay.

**Mr. John O'Toole:** Chair, through you, if I may, I have a question here. In the seven and a half hours each, I'd like to do seven and a half hours on the energy file, because that's a disaster, but five hours on Attorney General and two and a half hours on the Ministry of Research and Innovation. Is that possible, with your indulgence?

**The Vice-Chair (Mr. Robert Bailey):** You only have the two picks, though.

*Interjections.*

**The Vice-Chair (Mr. Robert Bailey):** Mr. Prue, are you okay with—for the record, let me read them back into the record. Okay?

For the official opposition, on their first round they chose revenue for seven and a half hours; their second pick was government services for seven and a half hours. Mr. Prue from the NDP and the third party picked finance for 15 hours. Then we went to the government and their first pick was intergovernmental affairs—

*Interjection.*

**The Vice-Chair (Mr. Robert Bailey):** Cabinet Office, sorry—for seven and a half hours, and also the Ministry of Housing for, I guess, seven and a half. Then, back to the official opposition, their next pick was energy for seven and a half hours and the Attorney General's office for seven and a half hours. Then we moved to Mr. Prue and the NDP: health and long-term care for a total of 15 hours. When we come back around to the government, it's seven and a half hours for the transportation and highways department, and seven and a half hours for economic development and trade.

*Interjection.*

**The Vice-Chair (Mr. Robert Bailey):** The Ministry of Transportation. Sorry, I correct that.

As the members know, we're not here next week as it's constituency week. So the committee will meet again at 9 a.m. on Tuesday, May 3, to begin consideration of the estimates of the Ministry of Revenue. If there's no disagreement on that, we're adjourned and we can all go back to work.

*The committee adjourned at 1623.*











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Mr. Garfield Dunlop (Simcoe North / Simcoe-Nord PC)

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Mr. Robert Bailey (Sarnia–Lambton PC)

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## Legislative Assembly of Ontario

Second Session, 39<sup>th</sup> Parliament

## Assemblée législative de l'Ontario

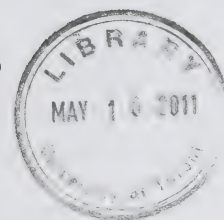
Deuxième session, 39<sup>e</sup> législature

# Official Report of Debates (Hansard)

Tuesday 3 May 2011

# Journal des débats (Hansard)

Mardi 3 mai 2011



## Standing Committee on Estimates

Ministry of Revenue

## Comité permanent des budgets des dépenses

Ministère du Revenu

Chair: Garfield Dunlop  
Clerk: Sylwia Przedziecki

Président : Garfield Dunlop  
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## ASSEMBLÉE LÉGISLATIVE DE L'ONTARIO

STANDING COMMITTEE ON  
ESTIMATESCOMITÉ PERMANENT DES  
BUDGETS DES DÉPENSES

Tuesday 3 May 2011

Mardi 3 mai 2011

*The committee met at 0900 in room 151.*

## MINISTRY OF REVENUE

**The Chair (Mr. Garfield Dunlop):** We have a quorum. Thank you very much, everyone. Good morning. Welcome to the Minister of Revenue and all the staff of the Ministry of Revenue. We are here today for the consideration of the estimates of the Ministry of Revenue for a total of seven and a half hours.

Before we begin, I would like to clarify the role of legislative research with respect to the ministry before the committee today. The research officer is assigned to the committee to support the work of the members of the committee. His or her primary function is to research and prepare briefings, summarize submissions made to the committee, draft reports to the House and, in the case of the estimates committee, help committee members track the questions and issues raised during the review of estimates.

The ministry is required to monitor the proceedings for any questions or issues that the minister undertakes to address. I trust that the deputy minister has made arrangements to have the hearings closely monitored with respect to questions raised so that the ministry can respond accordingly. If you wish, you may, at the end of your appearance, verify the questions and issues being tracked by the research officer.

Any questions before we start on today's proceedings? Okay.

I will now call for vote 3201. We will begin with a statement of not more than 30 minutes by the minister, followed by statements of up to 30 minutes by the official opposition and the third party. Then the minister will have up to 30 minutes for a reply. The remaining time will be apportioned equally among the three parties. Just to make sure we're clear on this, if you don't use all of your 30 minutes on your second round, we will start immediately into 20-minute rotations for the seven and a half hours.

Minister, you have the full 30 minutes; usually, the ministers use the 30 minutes. We'll go to about 10:15 if it's possible. That would give you 30 minutes, the official opposition 30 minutes and the third party 15 minutes to begin now and then 15 minutes this afternoon. Okay?

**Hon. Sophia Aggelonitis:** Wonderful.

**The Chair (Mr. Garfield Dunlop):** Thank you very much. Minister, you can begin.

**Hon. Sophia Aggelonitis:** Chair, if I could just ask you, will you be able to give me some timing when I'm five minutes out?

**The Chair (Mr. Garfield Dunlop):** Sure.

**Hon. Sophia Aggelonitis:** Wonderful. That would be great. Thank you. I do want to thank also my deputy minister, who's here with me, Steve Orsini, as well as the staff who are here with us.

Chair, thank you for the opportunity to speak with you today. I'm very respectful of the important role that the Ontario legislative committees have in ensuring accountability to the people of Ontario for the management of public funds.

I am proud of the work of the Ministry of Revenue, the work that it does for the people of Ontario. That's why I'm so pleased to have this opportunity to talk with you about the work we have done over the past year, our successes and our future plans for 2011-12.

Our work directly supports the government's tax plan for jobs and growth to ensure Ontario remains competitive, not only within North America but also with other countries around the world. We administer many of the province's tax statutes and a number of benefit and tax credit programs. The revenues we collect through Ontario's tax system provide the necessary revenue to support our public services.

The Ministry of Revenue has had a very busy year improving Ontario's tax system to make the province a better place for Ontarians by implementing the government's new tax reform measures. Ontario's tax plan for jobs and growth and the additional tax measures announced since the 2009 budget will provide tax relief of \$12 billion for people over three years.

When we announced our tax plan measures in 2009, Pat Capponi from the 25 in 5 Network for Poverty Reduction said, "This budget has moved the bar forward on housing, tax credits and child benefits in ways that will make a tangible difference in the lives of Ontarians." John Stapleton, a research associate for the Canadian Centre for Policy Alternatives, also commented about the measures, stating that "when you look at all the benefits, it is clear that the working poor and those with low wages are going to be better off as a result of the budget measures."

The government also released a technical paper in June 2010 showing that Ontario's tax system will be more progressive as a result of our tax plan. Jack Mintz, a



leading economist from the University of Calgary, reviewed this study and said, "This is a carefully done study on the impact of the HST reform on Ontario households ... [which] shows overwhelmingly that Ontario residents will be better off with the reform. Ontarians, especially low-income level, will benefit."

To help individuals, families and seniors, the government introduced new and enhanced tax credits and benefits as part of our comprehensive tax package. For example, the new Ontario sales tax credit will provide tax relief every year for each eligible adult and child in a family. For 2010, the credit provided tax relief of up to \$260 per person. This benefit, which started in August 2010, is being delivered quarterly, and will provide total sales tax relief of over \$1 billion per year to about 3.1 million Ontario families and individuals. It's important to remember that \$100 in tax relief is equal to the sales tax paid on \$1,250 worth of goods taxed at 8%.

We also introduced the Ontario energy and property tax credit that is providing over \$1.3 billion in tax relief for Ontarians. Eligible homeowners and tenants can get a tax credit of up to \$900 a year, and senior homeowners and tenants can get a tax credit of up to \$1,025 per year. We doubled the senior homeowners' property tax grant to help low- to middle-income senior homeowners offset the cost of property taxes. This grant will provide up to \$500 per household. We also provided up to \$1,000 for families or up to \$300 for single people in Ontario sales tax transition benefits.

So what do our tax credits and benefits mean for Ontarians? Well, it means that a family of four living in Ottawa with two children ages two and five years old, and with a combined gross income of \$100,000, could get back \$435 when they file their taxes. It also means that a single young adult earning \$25,000 a year, living in Thunder Bay, could get back \$945. It means that a senior couple who own a home in Toronto, with a combined retirement income of \$35,000, could get back \$2,595.

The 2011 budget provides additional information on the impact of the tax and benefit changes on households. For example, in the first full year of the changes, households will have an overall net savings of \$2.5 billion. In the third year, when the transitional benefit payments are no longer available, Ontario households will save a total of \$530 million.

Households with income under \$90,000, representing over two thirds of Ontario households, will on average be better off as a result of our tax plan. And 86% of senior households will on average have more money in their pockets.

0910

The government has taken action to help people with their energy bills. In addition to the Ontario northern energy credit and the Ontario energy and property tax credit, our government recently introduced the Ontario clean energy benefit to help Ontarians reduce their electricity bills. This is a 10% benefit to consumers on the total cost of electricity on their bills, including tax, which was effective on January 1, 2011. This benefit will help

over four million residential consumers and over 400,000 small businesses and farmers with the transition to a reliable and cleaner electricity system.

The tax plan for jobs and growth also includes a personal income tax cut, which is providing 93% of Ontario taxpayers with a permanent income tax cut, and more than 90,000 low-income Ontarians are no longer paying personal income tax.

Gail Nyberg, the executive director of the Daily Bread Food Bank, commented on our tax package and the HST, saying, "I congratulate the government on recognizing that you can fight poverty and stimulate the economic scene at the same time." Michael Oliphant, her colleague at the Daily Bread Food Bank, added that the net impact of our tax package will "actually improve the incomes of low-income Ontarians."

There continues to be no tax on items like groceries, prescription drugs, municipal transit, GO Transit, prescription glasses, contact lenses, child care and most medical devices. Ontarians are also not paying any additional tax on children's clothing and footwear, children's car and booster seats, diapers, feminine hygiene products, qualifying prepared foods and beverages sold for a total of \$4 or less, and printed newspapers and books, including audiobooks.

When it comes to the impact of our tax changes on students, Dr. Robin Boadway, economics chair from Queen's University, said, "Many of the things students purchase will not be subject to the tax, such as books, apartment rents, food and public transit—so they shouldn't be ... affected." In fact, there has been no change in taxes for about 83% of consumer spending. That includes no change on adult clothing, cable TV services, cellphone services, home phone services, house furniture, freezers, refrigerators, sleeping bags, tents, camping supplies, toys, craft supplies, TVs, DVDs, Blu-rays and computers.

In addition to helping families with the new and enhanced credits and benefits, the government is making Ontario a more attractive place for businesses to invest and create jobs. More than 99% of all businesses in Ontario are small and medium-size enterprises. They employ nearly 2.9 million Ontarians and account for \$250 billion in annual economic activity.

Over three years, our plan is providing more than \$4.8 billion in tax relief for businesses. This means that businesses will be able to invest more money in job creation and growth. According to Jack Mintz, who is one of Canada's leading economists, by 2020 our comprehensive tax package will help create about 600,000 net new jobs, increase capital investment by \$47 billion and raise annual incomes by up to almost 9%, or \$29 billion.

Joseph Loparco, co-president of AGS Automotive Systems and Tiercon, said: "The new tax changes and measures really are sending a very positive message to investors. It's basically saying Ontario is open for business."

In addition, two recent studies have provided numerical estimates of investment and job creation in Canada due

to corporate income tax rate cuts. One is a study by Jack Mintz at the University of Calgary, and the other is by Jayson Myers of the Canadian Manufacturers and Exporters association. AGS Automotive Systems and Tiercon are practical examples of what Jack Mintz confirmed in a report on the benefits of our tax changes.

In addition to job creation and investment, our tax changes will create a more competitive economy. Studies have shown that businesses will pass through savings to consumers. Here is what some of the third party experts are saying.

Don Drummond, the former chief economist for TD Economics, predicted in the TD Report that the majority of cost savings would be passed on to consumers in the form of lower prices.

Or you could refer to a recent study by Professor Michael Smart of the University of Toronto, who examined the impact of the HST on consumer prices in Ontario during the first six months of the HST. Professor Smart found that the impact of the HST on consumers declined as businesses passed through savings.

You can find examples of this throughout the province. One is Lafferty's Crossings Men's Wear. Its owner, Tom Lafferty, said that when the HST came into effect, his business was able to bring down its costs to make its prices a little more competitive.

Professor Smart estimated that by December 2010, about two thirds of the savings to businesses from input tax credits had already been passed on to consumers through lower prices, with further savings to come over time.

Len Crispino, president and CEO of the Ontario Chamber of Commerce, says that we only have to look at the experience of the Atlantic provinces, where consumer prices fell after harmonization, and investment rose significantly.

The president of the Ontario Federation of Agriculture, Bette Jean Crews, noted that the agricultural sector could save about \$30 million a year as a result of our comprehensive tax package and the HST.

The bottom line is that when our businesses do well, when they become competitive, they expand and they invest in more and better equipment. That means hiring more people by creating more jobs and better jobs. It means building a stronger economy which supports our valued public services like hospitals and schools. At the end of the day, that's what these changes are all about. We have a choice: We can refuse to fix what is broken or we can create jobs and a more competitive economy.

Brent Kobayashi, president of Kobayashi Online, said, "There are two things that have helped [his company] create jobs. The tax measures and pass-through effects certainly are a big part of that, as well as the rebounding economy." But Mr. Kobayashi didn't stop there. More broadly, he attributed the rebounding economy to the tax measures and pass-through effects as well.

One of the main responsibilities of the Ministry of Revenue is to help Ontarians and businesses understand the tax reform measures. That's why the Ministry of Rev-

enue has conducted more than 1,000 seminars across the province, with more than 20,000 attendees, in conjunction with the Canada Revenue Agency. The Ministry of Revenue has conducted an additional 220 technical presentations to business stakeholders and associations for over 8,000 attendees.

We also raised the bar in terms of innovative and cost-effective ways to communicate to Ontario taxpayers and businesses. This included the use of mobile applications, blogs, and Twitter accounts. We also maintained an interactive and informative website, [ontario.ca/taxchange](http://ontario.ca/taxchange), which has had more than 5.7 million unique page views since our campaign launched.

#### 0920

In March, the ministry launched an online tax credit calculator, which will allow individuals to estimate the potential tax savings from the government's new and enhanced tax credits.

Our outreach activities provided valuable feedback on specific aspects of the tax package and on communications efforts.

If we want Ontario to remain strong, we need to be competitive. We need to attract more investment and jobs. We know that we need a strong province to face the global economy. The good news is, Ontario is turning the corner to a better tomorrow. Jobs are coming back, and the economy is improving.

Here in Ontario, we've recovered more than 90% of jobs lost during the recession. At the end of March, the United States had recovered 17% of the jobs that it lost, and the United Kingdom, almost 44%. The 2011 Ontario budget forecasts 480,000 net new jobs by 2014.

We're turning the corner because of our tax plan for jobs and growth. Tax reform is one part of the Open Ontario plan to build a stronger economy that is creating new jobs, good jobs, while protecting services like health care and education that are valued by Ontarians.

The estimate of additional new jobs in Ontario, which was made by Mintz in one of his reports, is already being realized. Here are just some of the recent jobs we have helped create and support:

—Max Aicher North America of Hamilton is creating 300 new, good jobs;

—L-3 Wescam of Burlington is expanding the next generation of aerospace systems, creating 375 jobs;

—The Ford Essex engine plant in Windsor is implementing new manufacturing processes, creating over 750 jobs; and

—Roxul Inc. in Milton has created 100 new jobs at their Milton facility.

We also partnered with numerous companies in April to help create new jobs and support existing positions. Christie Digital Systems Canada in Kitchener is creating 50 new jobs and supporting 53 existing positions by developing new digital projection technologies. Warren Industries Ltd. in Concord, an auto parts manufacturer, is creating 66 new jobs and protecting 20 existing positions. Best Theratronics is creating 100 new jobs in Ottawa by improving existing product lines and developing new



technologies in the manufacturing of medical equipment. Horizon Plastics International Inc. in Cobourg is creating up to 350 new jobs.

These are just a few examples of the companies that we've partnered with. There are many more in places like Fort Erie, Mississauga, Greenstone and Huron county, to name a few.

**The Chair (Mr. Garfield Dunlop):** You have 10 minutes, Minister.

**Hon. Sophia Aggelonitis:** Thank you.

It's not just our tax changes that are making our province more competitive. Our Open for Business initiative is creating faster, smarter and more streamlined government services for Ontarians. As of March 31, 2011, the Ministry of Revenue successfully met its commitment by reducing our regulatory burdens by more than 28%, which is well above the original target assigned to the ministry.

The process was labour-intensive. Ministry subject matter experts reviewed policy documents, manuals, publications, website information, forms and agreements to reduce our regulatory burdens. I am very proud of the ministry's strong commitment to and success in this initiative.

Another important initiative in the Ministry of Revenue is our focus on reducing the availability of illegal tobacco. On April 21, I had the privilege of bringing forward an important piece of legislation called the Supporting Smoke-Free Ontario by Reducing Contraband Tobacco Act, 2011. If passed, this act will help protect our youth from the dangers of cheap, illegal tobacco. Our job as parents and leaders is to do everything we can to prevent our kids from smoking. Low-cost cigarettes are a gateway for young people to take up smoking or to start again if they have already quit.

The National Coalition Against Contraband Tobacco believes that Ontario has taken a positive step towards combating the enormous problem of contraband tobacco. In fact, smoking kills 13,000 people a year in Ontario. This is an alarming number and cause for significant concern.

Our government is taking action. We've moved to build on the successes of the Smoke-Free Ontario Act. When it comes to illegal tobacco, we've made considerable progress.

Dr. Lynne Thurling, president of the College of Physicians and Surgeons of Ontario, said the college "welcomes the government's enhanced commitment to smoking cessation in Ontario and to reducing the supply of illegal tobacco across the province.... We congratulate the government on this important initiative."

In six of the last eight years, we have introduced measures to reduce the availability of illegal tobacco in Ontario. We listened carefully to our stakeholders and partners who share our concern and commitment to address this complex problem.

If Bill 186 is passed, our legislation would do five key things. One, it would transfer the responsibility for licensing raw-leaf tobacco from the Ontario Flue-Cured

Tobacco Growers' Marketing Board to the Ministry of Revenue, and it would now license raw-leaf tobacco importers to ensure that there's a level playing field for all raw-leaf tobacco suppliers. Second, for the first time, it would require fine-cut tobacco to be marked for better enforcement. Third, if we passed Bill 186, we would authorize police to seize illegal tobacco in plain view. Fourth, we would set a new fine structure to reflect possession of smaller amounts of contraband tobacco. Lastly, we would strengthen our government-to-government relations with First Nations.

Michael Perley of the Ontario Campaign for Action on Tobacco said that fines are a step forward in deterring individuals who want to buy illegal smokes.

This legislation is an important step. The proposed measure will move us closer to our goal of a smoke-free Ontario. Our kids are counting on us.

The president of the Ontario Medical Association, Dr. Mark MacLeod, said, "Today's announcement is another important step in the ongoing fight against tobacco. Keeping illegal cigarettes out of our children's hands is a good thing."

I believe these measures are the right ones at the right time and will make a real difference.

The 2011 Ontario budget proposes a number of measures that will affect the Ministry of Revenue and the work that we do. The proposed measures support the government's transformational agenda, including initiatives to promote greater efficiency and effectiveness. Ultimately, these initiatives will result in improved customer service and greater efficiency. The budget highlighted significant benefits gained in the past from such measures as changes to corporate and sales tax administration.

The budget announced new opportunities to reduce overlap and duplication, which include:

- working collaboratively with other ministries towards a more coordinated and centralized collection function;

- providing support to other ministries, including the use of the Ministry of Revenue's automatic risk assessment tool to support their compliance efforts;

- providing forensic data recovery and forensic accounting services to other ministries and the broader public sector; and

- working with other ministries to investigate changes to further improve benefits and program delivery.

The 2011 Ontario budget also announced the proposed Ontario Trillium benefit, which would be combining payments of several refundable tax credits and delivering them on a monthly basis, starting in July 2012, to help low- to moderate-income families and single people better manage their household budgets.

I am very excited about what the future holds for this ministry. We are an important link between government policy and Ontarians, and we appreciate the importance of good administration in making sure government policy delivers its intended results.

I would like to conclude by thanking all the committee members for their time and for the thorough look that they have taken at the Ministry of Revenue this year. Thank you very much, Chair.

0930

**The Chair (Mr. Garfield Dunlop):** Thank you very much, Minister. You had about three minutes left over.

**Hon. Sophia Aggelonitis:** Should I keep talking?

**The Chair (Mr. Garfield Dunlop):** If you want to, you can.

**Hon. Sophia Aggelonitis:** I think that's good. Thank you very much, Chair.

**The Chair (Mr. Garfield Dunlop):** That orange tie over there is just scaring me. It's just so bright.

*Interjections.*

**The Chair (Mr. Garfield Dunlop):** Okay, thank you, Minister.

We'll now go to the official opposition. Mr. O'Toole, you have up to 30 minutes. You can make a 30-minute speech or you can ask questions, whatever you'd like.

**Mr. John O'Toole:** Thank you very much, Chair. Thank you, Minister, as well. I think, respectfully, you read the speech flawlessly, and I thank your staff for preparing such a thorough accounting of where you think you've been and where you think you're going.

It's my duty here today, filling in for Lisa MacLeod, to give you a framework of where we're coming from. We feel the changes made in 2010 with the initiation by your government requesting that this harmonized sales tax go forward and the \$4-billion-plus that was loaned to you to transition this is an admission that it is going to take money directly out of consumers' pockets. We understand that the whole tax policy is switching to consumption-based taxing as opposed to income-based taxing for a lot of reasons—to be competitive with other jurisdictions around the world. We see the input tax credit, as has been described by Jack Mintz and others, as probably the right sort of policy; it's the implementation that we find difficult.

Premier McGuinty has admitted to the public that this new arrangement of collecting tax from consumers is about \$3 billion per point, which means it's a drag on the economy in the interim, until this is put in place firmly and some of these so-called reductions in price flow through to offset the increased cost, which may not materialize. Mr. Mintz and others have written on that as well, that it's maybe not coming through as quickly.

This new \$3 billion per point: I want the government members—soon to be opposition members—to watch very carefully. This is coming directly out of seniors' and average families' pockets, and the reason for all these benefits—the Ontario Trillium benefit, the clean energy credit and all those things you mentioned—is an admission that the McGuinty government went too far too fast, taxing everything you could get your hands on. So that's an admission. You went too far.

It's not permanent. It's going to get you through the election, maybe, or at least your hope is. It also doesn't

give you 10% on the whole energy bill; it gives you 10% of part of the bill. That needs to be straightened out.

I see this government reeling under tremendous, staggering debt. Even if you look at some of the risk assumptions in the budget itself, we're in a climate now of low interest to stimulate spending. That spending is debt, because most people have the highest level of debt individually and collectively in the province. When we look at the future, with the amount of money being flushed into the economy, that's super inflation in the future. All of that \$3 trillion in the States is eventually going to hit the economy, cause increased demand; increased demand causes inflation; inflation causes interest to go up, because interest always has to exceed inflation. Those fundamentals—and even Mintz and those people realize that is super inflation.

The debt in Ontario has doubled. That's thanks to McGuinty's spending. The deficit is the highest ever: \$16-billion-plus annually. We're already crowding out spending on services by the cost of the debt that we're carrying. Most of what I'm saying here is a framework to having you answer a few questions.

I see my colleague, the actual critic—

**Ms. Lisa MacLeod:** You're pretty good.

**Mr. John O'Toole:** She's not that critical, but she is critical.

**Ms. Lisa MacLeod:** But you're good at criticizing.

**Mr. John O'Toole:** Yes; well, I'm good at observing what the realities are.

What we need to see here is really some truthfulness or transparency, not just the blah-blah the staff have written for you. We need to know how much revenue you have collected on HST from July 2010. Nothing fancy, just how much revenue so far.

Also, in that climate, you must have modelled the data prior to the implementation. What's the number? What are the commodities? What are the exemptions and your estimates on what your forecast revenues are in a normal budget or fiscal year? That's the first question.

In that, I'm going to pass the subsequent detailed examinations to my colleague Lisa MacLeod because—

**The Chair (Mr. Garfield Dunlop):** Are you looking for an answer from the minister right now?

**Mr. John O'Toole:** I don't expect to get one, but I have put it on the table. With that, Minister—

**The Chair (Mr. Garfield Dunlop):** Would you like to answer that question at this point? I'm just trying to make sure we don't get into a brawl here.

**Mr. John O'Toole:** That's good. No, no; no brawls required.

**The Chair (Mr. Garfield Dunlop):** You can answer that question, Minister.

**Hon. Sophia Aggelonitis:** First, let me just say how much respect I have for the honourable John O'Toole. Thank you very much for that question.

When you ask what's in it for families: \$12 billion is going to families. In fact, when we talk about the \$12 billion that's going into—



**Mr. John O'Toole:** What I'm asking is, what are they paying? Maybe they might get some back, but clearly now, what is the anticipated revenue, not your expenditure decisions to the benefits, the Trillium benefit, all these refunds and that? How much are you going to collect in one year on HST, the new revenue source, total?

**Hon. Sophia Aggelonitis:** All the money that is collected from the HST as of July 1, you would know that for the next three years consumers will benefit from \$12 billion—

**Ms. Lisa MacLeod:** Minister, I think he was very clear. I'm going to ask you again: How much HST have you collected to date since July 1, 2010? Can you give me a number?

**Hon. Sophia Aggelonitis:** Again, for the honourable member, I wanted to make sure that she understands that every HST revenue that comes in will be back to the people of Ontario—

**Ms. Lisa MacLeod:** We understand. What we want to know is, what is that number? I will request through the Chair that we get that information from the minister. I would also like to know what your projections were for the first year insofar as you're not telling us how much HST you've collected in the last year, but we want to know what you expected you were going to take in. We know from budget sources that previously it was \$3.5 billion. Does that stand?

**Hon. Sophia Aggelonitis:** Again, as the member could see, we do have our estimates here and the deputy will go through that, but all the money that comes in—

**Ms. Lisa MacLeod:** I have asked you to remember, Minister, that you're accountable to this committee, so we're asking for a number.

**The Chair (Mr. Garfield Dunlop):** Okay, hold on a second. Does the deputy have that number available?

**Mr. Steve Orsini:** Let me just respond, briefly, in a number of ways. First of all, the budget does include forecasted HST revenues, and if you go back—

**Ms. Lisa MacLeod:** And what's the number?

**Mr. Steve Orsini:** We can refer to that. All the revenue forecasts really belong in the domain of the Ministry of Finance—

**Ms. Lisa MacLeod:** But it's in your hands right now, so why don't you open it up and let us know?

**Mr. Steve Orsini:** I will find the reference page and refer to that, if you give me a moment.

The other point I want to refer to—it was in the minister's remarks, and I think this is Mr. O'Toole's question: What does it mean to families? What does it mean to individuals at certain income levels?

Back in June 2010, the government—

**Ms. Lisa MacLeod:** Okay. I understand. I know that everybody wants to dodge answering my question, Chair. The reality is, we're asking something very simple. We want to know how much HST has been collected to date. We want to know what this government has projected. They're clearly not giving us the answer. I'd like to, respectfully, request that information through you before the end of these proceedings.

We have questions that are very serious. I've asked you for numbers. You've given me a lot of words, and that's what we—

**The Chair (Mr. Garfield Dunlop):** Excuse me a second. Will you be able to provide those numbers?

**Ms. Lisa MacLeod:** On the record.

**Mr. Steve Orsini:** I can give a budget page reference. Page 183 shows Ontario's revenue outlook, and it shows the 2010-11 interim number and then the planned 2011-12, 2012-13 and 2013-14.

**Ms. Lisa MacLeod:** And what does that say? Let's get us some numbers.

**Mr. Steve Orsini:** Okay. For sales tax for 2010-11—it's the interim number—\$19 billion.

**Ms. Lisa MacLeod:** So you took in \$19 billion?

**Mr. Steve Orsini:** The fiscal year 2010-11.

**Ms. Lisa MacLeod:** Okay.

The question that I have—and there's a series of them. If you can't get me these answers for this morning, I would appreciate it if I could have them in the afternoon. I'd like to know what the average senior in Ontario pays in HST. I'd like to know if you have collected HST off of tobacco and how much that is, how much you have collected off of gasoline, and how much you have collected off of hydro bills.

Are you prepared to answer those questions at this point in time, or can I get that information this afternoon?

**Mr. Steve Orsini:** That is something we'll have to refer to the Ministry of Finance. The costing of different elements of the HST system is a Ministry of Finance responsibility.

0940

**Ms. Lisa MacLeod:** Could you provide me with those answers this afternoon when we reconvene?

**Mr. Steve Orsini:** I don't know if I can commit to the end of today, but it's something we'll follow up on.

**Ms. Lisa MacLeod:** Okay. So, again, how much HST does the average Ontario senior pay, and how much are they collecting off of tobacco, gasoline and hydro bills?

In the same vein, I would like to know how much hydro bills have increased in Ontario as a result of the HST. Like everybody else in this room who actually gets a hydro bill, I see it has popped up on two different line items on my bill, obviously through my hydro but also through the debt retirement charge. If I could have that answer, I would appreciate it.

Another question I have is, what item or product has increased the taxes collected the most thanks to the HST? What item are you receiving more money from? For example, I recently had my cat at the vet, and we were paying \$113 in the HST. I had an experience at my own church on Sunday where one of the members of our congregation was telling me about home care and how it's becoming unaffordable for her family as a result of the HST. I'd like to know, what is that item that is actually generating the most money for government as a result of the HST? Are you prepared with that number today?

**Hon. Sophia Aggelonitis:** What we have for the member at this moment is that we know that 83% of

things would not see any tax changes. We know that 17% would see some changes. We have tried to make sure that Ontarians are aware of that by providing an advertisement that went to households to make sure that people could be aware of the 83% that saw no change and the 17% that did see some change—

**Ms. Lisa MacLeod:** Of the 17% that has seen more change, do you know which product has increased the revenues of the government thanks to the HST?

**Hon. Sophia Aggelonitis:** At this moment, what I can say is that we have a list of examples of the 17%, which we can bring to the member.

**Ms. Lisa MacLeod:** That would be great. And then if we could be more precise in exactly which items actually—is it hydro? Is it gasoline? Is it other big-ticket items that right now we're not aware of that are actually costing Ontario taxpayers more as a result of the HST?

I think it's really important—and I'd really appreciate this answer—that we find out the amount of HST collected since July 1, 2010. It's critical that this committee and the Ontario public are aware of that.

Going back to the hydro bills, can you tell me how much revenue has been generated from the HST on the increase in hydro rates that took effect yesterday?

**Hon. Sophia Aggelonitis:** I could ask the deputy to give us a fuller explanation, but what I can say about the hydro costs, electricity costs, for Ontarians is that we have tried to help homeowners by providing the Ontario clean energy benefit, as well as the property and energy tax credit, as well as a northern credit for hydro costs.

We know that hydro costs will be increasing. We are changing to a more reliable hydro system. We want to make sure that the lights are turned on when Ontarians are home, and we will make sure that we keep the lights on, having a renewable energy source.

**Ms. Lisa MacLeod:** I appreciate that. That was sort of an answer I'd expect from the energy minister.

But from you, I would like to know how much additional revenue you're expecting from hydro bills and the increases that have occurred. Because we've had a series of hydro increases, I think it's really important that your ministry would have those projections so that we can inform Ontario families and seniors that their hydro bill is going up and a certain amount is going into the provincial treasury. I'm a bit concerned that either the government is not aware of what that increase is going to be on the HST or they're not going to share it with the public. Please tell me it's neither, that you're actually going to tell me today how much extra money the McGuinty Liberal government is taking in in revenues as a result of the HST on these hydro increases.

**Hon. Sophia Aggelonitis:** Thank you for the question. I will ask the deputy to fill in on the exacts, but again, when it comes to electricity costs, we are looking at increases—in fact, increases all over the world. We want to make sure that we're making key investments in our electricity system. What's important is that Ontarians are depending on a reliable electricity system, and it's

important for our government to make those key investments.

Deputy, do you want to add to that?

**Mr. Steve Orsini:** On the forecasting of individual amounts, I repeat, we'll have to follow up with the Ministry of Finance. These projections that the Ministry of Finance prepares are looking at total consumer spending. If one area goes up and another goes down—consumers sometimes adjust to different price signals with more energy efficiency. It's something that may not, based on a forecast, come to fruition, but it's something where we'll need to take your question and follow up in terms of what is available in terms of estimating those amounts.

**Ms. Lisa MacLeod:** Deputy, you'd have to agree with my concern here, and you just said it: Some will increase; others may decrease. In the cost of hydro, we've now seen a dramatic increase, and I think you have to agree that you're adjusting that price and therefore you're adjusting the revenue based on the HST on that product. So I think it's important that a government that's going to raise hydro rates, and on top of that the HST, would understand what the implication is with the HST.

I guess what I'm getting at is, how much more money is the Ontario government collecting as a result of these hydro increases? I think that's a very important question to ask this government. I think it's a very important point that the revenue ministry should be analyzing as a result of this. It is more revenues for the government.

The question we have is, how much is that? I guess I'm now being referred again to the finance minister?

**Mr. Steve Orsini:** Economic forecasts of what's occurring in the economy are the purview of the Minister of Finance, but we can endeavour to follow up on those questions.

**Ms. Lisa MacLeod:** I have a series of questions. I would have expected that this ministry would have come forward today with actual numbers rather than political jargon and spin and discussion points. I think it's really important that what we have been asking for in the official opposition are hard numbers. We want to know how much the HST is costing Ontario families, seniors and small businesses as a result of tobacco, hydro, other costs like gasoline and anything else. I'm a little disappointed that we don't have the numbers that we had expected in this analysis.

So I guess I go back to the minister and I ask, how much more revenue do you expect to collect from the HST on hydro bills than you did when you brought in the HST last year?

**Hon. Sophia Aggelonitis:** Thank you to the member for the question. I think it's really important that she did speak about seniors. In my opening remarks, 86% of senior households will be better off with the implementation of the comprehensive tax package. We know that \$12 billion are going back into the hands of the people of Ontario. We've made a significant change here. It is a comprehensive tax package which includes the HST. We have been listening to and hearing comments from third



parties, including Jack Mintz, Michael Smart and other economists like Don Drummond.

We believe, with the help of the federal government, with the \$4-billion-plus that has come to the province for transitional benefits to the people of Ontario—it's all about building a stronger economy, and we believe that we're on the right path. We've seen significant changes in the economy. One of the things we've seen is that nine out of 10 Ontarians are getting a permanent income tax cut. We know that 90,000 low-income people no longer pay personal income tax. We also know that Ontario has the lowest provincial tax rate in Canada for the first \$37,000 in income.

Along with the HST transition benefit cheques, we have additional tax credits for people, including the Ontario sales tax credit, which is permanent, the Ontario energy and property tax credit, the seniors' homeowner property tax grant, the children's activity tax credit—

**Ms. Lisa MacLeod:** Minister, again, I had asked a very specific question on how much and I wanted a number. I don't want to cut you off, but I had a very specific question. I actually have 13 very specific questions on 13 very specific numbers I was looking for, and I still haven't received a number to date, with the exception of something that was already in the budget for 2010 and 2011, which was that the HST was going to bring in \$19 billion, almost \$20 billion, to the McGuinty Liberal government.

0950

So I guess, if we want to talk very simply, I have a question: Do you have a ministry briefing on the HST on the effects it has had on our economy, on individual families and seniors, and the impact it has on your government, and will you table it here today?

**The Chair (Mr. Garfield Dunlop):** Can I just interject for a second? I want to make sure—these questions that the member has asked on specific things like tobacco and hydro etc., are they going to be available to her, that that information will come back to her in some kind of an answer?

**Mr. Steve Orsini:** The forecasting of HST revenues, the forecasting on different elements, has been done to date by the Ministry of Finance. Whether that information's available, I can't confirm right now, but it's something we'll follow up on as requested by—

**The Chair (Mr. Garfield Dunlop):** Okay. I think it would be nice—just between our legislative research—if we could get some of those specifics, maybe this afternoon or at the next meeting, if it's at all possible. I think she has a lot of revenue questions, what kind of revenues have been created—

**Mr. Bob Delaney:** Chair, just on a point of order with regard to what you've been saying: I understand the concern of the member but the minister and her staff are being asked to presume the outcome of a year of experience that hasn't closed. Just to reiterate, the Ministry of Finance will appear before estimates in this round, at which point all of these questions can be addressed.

**The Chair (Mr. Garfield Dunlop):** I thought they were revenue questions.

**Ms. Lisa MacLeod:** Thanks very much, Chair. Actually, they were revenue questions and I did ask another question: if I could have that ministry briefing on the HST and if it could be made available. Is that possible?

**Hon. Sophia Aggelonitis:** I do have my remarks that I shared with the committee at 9 o'clock. I would be very happy to share that with the member.

**Ms. Lisa MacLeod:** So the briefing that the Ministry of Finance and your own ministry officials gave you was your remarks? That's the only briefing you've ever received on the HST?

**Hon. Sophia Aggelonitis:** In fact, my speech, I think, was pretty thorough and I'd be happy to share it with the member.

**Ms. Lisa MacLeod:** Minister, I don't think that's what I'm asking for. I'm asking for projections. I'm actually asking for collections. I'm asking for details on specific questions. I understand you've made comments about the Daily Bread Food Bank, you've talked about Jack Mintz, you've talked about Michael Smart. I want to know what your briefing book says about the HST and I'd like to know if you would like to share with us any of your ministry issue notes or memos that helped make your decision and the previous minister's decision to implement the HST. I think that's very important.

Also, I think it's very important, if you have any details on how much you've collected on the HST, that those documents could be available to the Ontario public.

**Hon. Sophia Aggelonitis:** I think that the member is aware that all our records are open and transparent to the Ontario public. If there are specific things that the member is looking at—I know those 13 questions—we know that the Minister of Finance will be here to answer those questions. In the meantime, if there's a specific document that the member is looking for, most of our documents are published through the budget.

**Ms. Lisa MacLeod:** I guess the question is that I've now asked 14 questions about how much the HST has cost Ontario families, how much HST has been collected in general and on certain products and services, and I've not received that. I think the question Ontario families have is, why are you not being transparent with this and why haven't you released any documents the ministry has showing how much HST you've collected, whether that's on hydro bills or gasoline?

You're trying to split hairs and so is the parliamentary assistant in trying to say let's pass this off to the Ministry of Finance. The Ministry of Revenue put forward this HST bill. In addition to that, the Ministry of Revenue actually collects the revenue for the province of Ontario. So I want to know from the Minister of Revenue how much revenue you have collected as a result of the HST on the products I've listed, the services I've listed, and how much of an impact that has on Ontario families. I don't appreciate, nor does the Ontario public, receiving

the run-around and the lack of transparency in the request of documents that aren't going to be forthcoming.

**Hon. Sophia Aggelonitis:** I think the member is aware that we do have results-based estimates in front of her and all the members of this committee. We have all along said that the comprehensive tax package is really about many elements, but it's all about making sure we create jobs for Ontarians. We know that there are some tax changes to some items: 17% of the items have gone up. But overall, we have information for the member. We are open and transparent.

The other question is, in regard to whether or not families have seen savings, Michael Smart from the University of Toronto has created a document that specifically says that there are savings that are passed through by business.

Deputy, do you have anything to add?

**Mr. Steve Orsini:** It might help just to go through a couple of documents that have been released by the government. In June 2010, it looked at all the changes impacting households. That was June 2010.

The 2011 Ontario budget updated those numbers and shows what it means by income level. People's purchasing patterns vary, and what the Ministry of Finance has done is roll up all the changes. So of the 17% in additional sales tax they're paying—because the expanded base has included that 17% of additional spending—plus the tax cuts, plus the pass-through, what does it mean to household incomes, the net change? That's all included in the 2011 Ontario budget—and I can refer that to you—which does disclose in pretty significant detail what it means to average household income levels.

**Ms. Lisa MacLeod:** Well, Deputy, with all due respect, a year ago we were told that Jack Mintz was going to create—that you were going to create 600,000 jobs as a result of the HST, and that all prices would go down. By all accounts, everything has seemed to increase. So I'm going to take that with a grain of salt because I actually know what's happening through the people who actually elect me and who I talk to, particularly when we've been back from our break week. They're telling me that it's becoming very hard to make ends meet in this province because of that tax.

Since you've not given me any concrete numbers, which I've requested, and I've now asked you for your ministry issue notes and the memos that helped your government make the decision to implement the HST, I would like to know, as my last question on this round: Will you release those documents before the election, yes or no? If yes, when will you release them? If no, why not?

**Mr. Steve Orsini:** About five or six major government documents have been released, providing more detail on any tax change that I've ever been familiar with—

**Ms. Lisa MacLeod:** With respect, Deputy, I was asking the minister. I'd like to know—and this is actually a political question—are you going to release to the public the briefing notes, the ministerial issue notes and any memos that you or your predecessor may have received

to implement this HST, yes or no? It's a question of transparency.

**Hon. Sophia Aggelonitis:** I thank the member for the question. Like the deputy did say, there are a number of reports that we would be happy to make sure that the member has a copy of. But, Mr. Chair and members of the committee, at the end of the day we have seen one of the worst recessions that we have seen in 80 years. We are prepared to change—

**Ms. Lisa MacLeod:** You're taking in 19 extra billion dollars.

**Hon. Sophia Aggelonitis:** We're making sure that we're going to help Ontarians. That's why we have \$12 billion that is going back to Ontarians, and also \$4 billion to businesses. It's about making sure that life is easier for Ontarians, and that's why we're changing our tax package.

**Ms. Lisa MacLeod:** I'll look forward to all the information that I requested earlier this morning. Thank you.

**The Chair (Mr. Garfield Dunlop):** We'll now go to the third party for 15 minutes. Mr. Tabuns.

**Mr. Peter Tabuns:** Thank you, Minister, for being here this morning. One question I have for you is about tax avoidance in the construction sector and the black market. This came up during the pre-budget consultations; it was a concern of the homebuilders who spoke to us in this committee room.

Can you tell me if you have an estimate of the scale of tax avoidance because of people operating under the table and what actions you're taking to deal with it?

1000

**Hon. Sophia Aggelonitis:** That's a great question. Thank you very much, Mr. Tabuns.

When it comes to the underground economy, it is a very serious issue. It's an issue that we at the Ministry of Revenue are working very hard on with our inspectors and enforcement officers. But even more so, we're also working with the Canada Revenue Agency. It's going to require all of us working on this together, including the people of Ontario, because it's something that is not—frankly, we have to work together to make sure that we solve this.

**Mr. Peter Tabuns:** Can you give me an estimate of the scale of tax avoidance?

**Hon. Sophia Aggelonitis:** I wish I could give you an estimate, but I can't give you an estimate.

**Mr. Peter Tabuns:** There's no economist who has done an estimate?

**Hon. Sophia Aggelonitis:** What I can tell you is that the Ministry of Revenue is working with the CRA. It's important that we work at not only finding out what is happening out there, but being able to combat it as well.

**Mr. Peter Tabuns:** How do you know it's a serious problem if you don't have an estimate of the size of the revenue we're losing?

**Hon. Sophia Aggelonitis:** I can ask my deputy to answer in regards to the estimates, but what we know is that this has to be a multi-jurisdictional issue that has to be solved with us as well as the CRA.



**Mr. Steve Orsini:** The CRA is aware of issues where people have a claim that there is an underground economy. That is a key priority with them. I've had a chance to talk to the CRA commissioner. It's an area that we're working on with them, and because of the complexity in the multiple levels of government and agencies, it's one that will take a number of initiatives over time to try to manage and deal with this tax leakage within the system.

We don't have a firm estimate. It's a question of how many initiatives we can put in place to have it reduced as much as possible.

**Mr. Peter Tabuns:** Well, if you don't have a firm estimate, I'll take your ballpark estimate. Is there any documentation estimating the value of this tax leakage?

**Mr. Steve Orsini:** We work with the CRA. We don't have an estimate; we work with the CRA to address areas where—and part of our risk assessment. We have very elaborate models that try to identify areas that we have to focus on in terms of our audit investigations. So it's more like, investigate those areas where we think it's a greater problem, and that's what we work with the CRA on.

**Mr. Peter Tabuns:** I have to say it's very strange to me, because I've seen estimates of the size of the illegal drug market. I'm assuming that there are economists out there who look at areas where revenue is being lost to governments and who develop models that allow you to get a sense of the scale. Are we talking \$1 million a year or \$1 billion a year? If it's \$1 million or \$1 billion, very different resources are allocated to dealing with the problem. So I have to say first off that I'm very surprised that you don't have an estimate, and apparently you haven't done a Google search to see if any economist has developed an estimate.

Can you tell us, then, on this problem of unknown size, what sort of resources you've allocated from your ministry to assess it and to come to grips with it—resources in terms of full-time equivalents assigned, cost of their salaries and results expected in the next few years?

**Mr. Steve Orsini:** Our estimates include a number of different functions within the Ministry of Revenue that deal with audit and operations. We have desk auditors, field auditors, and they do a number of things in terms of assessing, inspecting to ensure broad-based compliance.

How do you define “underground economy”? If someone is not reporting their full amount of tax, is that underground economy or not? If someone is not reporting sales, is that underground economy or not? Or is someone auditing a return and saying, “You know what? They miscalculated the amount”?

Ensuring greater compliance is the objective. Whether it's intentional or by inadvertent miscalculations, the Ministry of Revenue is focused on ensuring full compliance as much as possible.

**Hon. Sophia Aggelonitis:** The other thing, Mr. Tabuns, is what we all know is that the underground economy hurts all Ontarians. Some of the ways that we are working with CRA, as well as other ministries like the Ministry of Labour—three things: We're working on developing strategies to address the underground econ-

omy activities, we're sharing information to assist in targeting potential noncompliant taxpayers and we're collaborating on innovative audit techniques. It is a priority for our government, and that's why we have to continue working with all levels.

**Mr. Peter Tabuns:** Those answers are not as specific as I would like, so I'll go back. When the homebuilders were here speaking in the pre-budget consultations, they said there was huge pressure for cash-only deals and that the HST had exacerbated the problem and was making it far more difficult for legitimate contractors who actually charged taxes for the work that they did, so I'm assuming this is a noticeable issue. When I've talked to contractors in my riding, they say that they have a problem competing with those who operate on a cash-only basis. So I'm assuming that Aecon or PCL are operating on a legit basis, and probably the problem areas are smaller-income generators. Still, it's an issue in terms of fairness in bidding and fairness for those who are willing to operate by the rules.

You tell me you're developing strategies. Can you tell us the top two strategies that you're developing and what the content of those is?

**Mr. Steve Orsini:** The one that the minister referred to is one that we think has a lot of promise and opportunity, and that's cross-appointments with other organizations that might be out in the field. So we would cross-appoint someone in the Ministry of Labour or WSIB looking at issues in the workplace payroll with the Ministry of Revenue that looks at the employer health tax. They're looking at similar things with a different perspective. We're running a pilot project there. That has huge opportunities in terms of having more people in the field looking for people who, for whatever reason, are not reporting or not disclosing the full amount of the tax owing.

The other one is the CRA. In talking to the commissioner of the CRA, it's an agreement that it's an important area, that we need to redouble our efforts, and the idea is to look at new technologies in terms of computer technologies to help better investigate opportunities to find, disclose and follow up on potential areas of investigation. So we believe that's another important area to work on.

**Mr. Peter Tabuns:** So do you have a person who's charged with overseeing this area—coming back to you, Minister—with plans to move forward on dealing with it, and if so, who is that person?

**Hon. Sophia Aggelonitis:** Go ahead.

**Mr. Steve Orsini:** We have someone who's the lead for compliance in general, so an ADM responsible for compliance. A key role for them is to ensure that all areas, whether it's the so-called underground economy or not, or failure to report or whatever we're calling it—to ensure the highest compliance possible. And then with the CRA, we have another ADM responsible for building partnerships.

So we have two people, among others, who really are charged with the responsibility to build those partner-

ships and develop those compliance tools and mechanisms to ensure that we collect our fair share of revenue, and that is an important objective for the Ministry of Revenue: ensuring that people pay their fair share.

**Mr. Peter Tabuns:** What portion of the time of those two teams is devoted to dealing with the underground economy?

**Mr. Steve Orsini:** It would be difficult right now to give you an estimate. We know that there's a whole group of auditors, and their job is to audit-investigate. As I said, whether or not you call it an underground economy, that would be difficult to ascertain, but it's something that we could follow up on and explore, to see whether or not you can pinpoint to a specific person a per cent of their time. Compliance is a full-time job for the vast majority of people in the Ministry of Revenue. It's compliance that we focus on, whether it's deemed to be an underground economy or not.

**Mr. Peter Tabuns:** I'd like to ask the minister, then, if she would come back and provide us with an outline of the scale of staff and resources assigned to dealing with the underground economy, because if you've got two people working for the Ontario public service dealing with the underground economy, I don't think that's an adequate application of resources.

**Hon. Sophia Aggelonitis:** As the deputy said, this is an issue that requires the skills that we have in the Ministry of Revenue, especially with our ADM and his whole team. There are a number of auditors and very good people who work in the Ministry of Revenue who have their fingers on the pulse of not only the underground economy but of course on compliance and making sure that taxpayers are paying taxes.

We will make sure to get you the information you've requested.

**Mr. Peter Tabuns:** Thank you.

**The Chair (Mr. Garfield Dunlop):** You have about three minutes in this 15-minute period.

**Mr. Peter Tabuns:** It was going so well, Chair.

The savings from the HST: When I had the opportunity to chat with your predecessor in this format a year ago, we were looking at where most of the savings were going from the HST, and it was primarily in the construction and development industries. As you may be aware, Minister, there don't appear to be any deep discounts in houses out there. Can you tell us, from your department, where the savings are showing up from the HST in the construction and development industries?

**Hon. Sophia Aggelonitis:** Of course. I thank the member for that question. We have embarked on probably one of the most comprehensive tax packages in the province in decades. What we know is that we're creating an economy that is working not only for businesses but also for people.

If you look at the study that was recently published by Professor Smart from the University of Toronto—and his paper was peer-reviewed—we know that there are savings that are passed through to consumers in a number of different areas. But most importantly, that gave us a snap-

shot of six months of the HST being implemented. We know that it is also six months—but if we look at some of the savings that have happened in the Atlantic provinces, we know that we are on the right track. We have seen increased business investment, and we also continue to see investment in our people in Ontario.

**Mr. Peter Tabuns:** I know my time is short. Can I ask you to table that report for the benefit of the committee?

**Hon. Sophia Aggelonitis:** I will.

**Mr. Peter Tabuns:** Since we get to resume later today, I would like to see what you have in terms of real numbers in reduction of costs of housing and construction that come from the HST.

**Hon. Sophia Aggelonitis:** I'll look forward to the afternoon.

**The Chair (Mr. Garfield Dunlop):** That concludes the time this morning. I want to thank the minister and all the staff from the Ministry of Revenue for being here. With that, we'll recess until 3:45 or right after routine proceedings.

*The committee recessed from 1013 to 1608.*

**The Chair (Mr. Garfield Dunlop):** I call the meeting back to order. When we recessed, the third party had 15 minutes of their 30-minute rotation. Mr. Tabuns, you can continue on for the next 15 minutes, then we'll go to the minister for the next 30 minutes, okay?

**Mr. Peter Tabuns:** Thank you, Mr. Chair. Minister, when you were making your presentation you talked about Lafferty menswear and the savings they were able to provide. Can you give us details on how much they were able to reduce their prices as compared to the increase in costs people pay for the HST?

**Hon. Sophia Aggelonitis:** That's a great question, Mr. Tabuns.

**Mr. Peter Tabuns:** I liked it.

**Hon. Sophia Aggelonitis:** I had the pleasure of visiting Mr. Lafferty. I don't have those exacts but what I can tell you is that he has offered a testimonial—it is on our website—as with a number of business leaders who have put testimonials on our website to share their cost savings with the HST and the savings on to consumers.

**Mr. Peter Tabuns:** So let's be clear about Lafferty's. It's a retail operation?

**Hon. Sophia Aggelonitis:** It's a men's store.

**Mr. Peter Tabuns:** He sells suits.

**Hon. Sophia Aggelonitis:** Yes.

**Mr. Peter Tabuns:** And where are the suits, shirts and ties made?

**Hon. Sophia Aggelonitis:** I would have to ask him, but they're very nice suits.

**Mr. Peter Tabuns:** I have no doubt of that.

If you add HST—no, you wouldn't, would you, on those? They were already getting GST and PST on them.

**Hon. Sophia Aggelonitis:** What I can share with you is, when you look at the tax savings for a retailer—and again, we do have that on our website. If we were to look at Ontario's tax plan for jobs and growth, the booklet that we have here, on page 17—and I can bring this over to you—it shows that in 2009 the sales tax, corporate in-



come tax and the embedded sales tax would equal about \$7,560 for a typical retailer. What we have seen as of July 1 is a reduction of 66%. That's up to \$2,600. That's a typical retailer.

**Mr. Peter Tabuns:** Okay.

You have a car.

**Hon. Sophia Aggelonitis:** I do.

**Mr. Peter Tabuns:** And you've bought gas recently.

**Hon. Sophia Aggelonitis:** I have.

**Mr. Peter Tabuns:** The oil that was used to make that gas, very little of it is actually produced in Ontario. Let's say it came from Alberta. That oil wouldn't have been—there would have been no HST on it, so there is no potential for a reduction in the cost of that oil, and that oil is traded on world markets, so the price reflects what the market will bear, and there's a huge amount of demand these days.

There are refineries that would process that oil and make gasoline. In the course of that, of course, those refineries would have costs that they would have to deal with. Can you tell us how much the price of gasoline has been affected by the implementation of the HST?

**Hon. Sophia Aggelonitis:** For that figure, I probably would not at this moment be able to give you the exact figure. It's hard to estimate the spending of one specific sector. We see it as a whole package of the spending per consumer. But when we talk about gas prices—and you're right. I did fill up my gas tank and it was a lot higher than it was last month, but those issues, when it comes to gas, of course have to do with crude oil prices in the Middle East and north Africa.

**Mr. Peter Tabuns:** Yes, absolutely.

**Hon. Sophia Aggelonitis:** Those are the things that we do know.

**Mr. Peter Tabuns:** I'll just guess that half the cost of a litre of gasoline is from the oil that it's made from, and there would be no savings because that oil is produced and sold on the world market. There might be a savings on the other half, and yet we're taxed on the full litre. So I don't see where we would be getting the savings that the government has been claiming.

**Hon. Sophia Aggelonitis:** I will ask my deputy if there's anything he could add to that.

**Mr. Steve Orsini:** There's a number of savings that business will benefit from. One is the elimination of the capital tax. This is a tax on the financial. There's the cut in the corporate income tax. There's also the removal of sales tax on their inputs. The actual benefit for a sector would be dependent on what inputs they were buying and what was taxable before. Some purchases weren't taxable and some were under the old sales tax system. It really depends on their configuration and what they manufacture or don't manufacture and sell. It's hard, as the minister mentioned, to sort of single out one piece in a very complex, dynamic modelling-type environment.

The question is, can we isolate by sector the totality of their benefits of the three measures—input tax credits, corporate income tax cuts and the capital tax elimination—and that's something that the government has done and published.

**Mr. Peter Tabuns:** I'd argue that the cost of much of what we buy goes to materials or goods that are imported and that those base costs aren't reduced by the removal of the HST from those business operations—gasoline, for instance, or natural gas that heats our home, come from Alberta. About half the cost of my gas bill is distribution and the other half is the raw material. That raw material is not going to have its price reduced. I look at the price of gasoline and I don't see that, in fact, the HST has reduced that cost. There are very few costs to pass along. What it has done is raise the cost of living for those who utilize gasoline for commuting.

I would be very interested in having you file a study, if you have it, of the impact on things like home heating or gasoline and the HST. Do you have such a study?

**Hon. Sophia Aggelonitis:** What I can tell you, Mr. Tabuns, is that the Ministry of Revenue has records, of course, of how we administer the tax. But if you would like estimates and forecasts of that specific nature, that would be through the Minister of Finance, and I know he's coming here later.

**Mr. Peter Tabuns:** I'm looking forward to that. But in your opening speech you went on at length about the government's policies and the impact and so on. When you do that, I assume that you'll be defending that whole package. If your opening remarks had just been about the operations of your department, I could have understood you limiting it, but I assume the notes that you were provided with went on at length about the larger policy issues.

**Hon. Sophia Aggelonitis:** That's because I'm really excited about the tax package.

**Mr. Peter Tabuns:** I'm very glad that you're very excited about the tax package. As a Minister of Revenue that's probably the proper thing to be. But if you start introducing those broader things we will ask broader questions and expect them to be answered.

As I was going through here, you noted that you've done work with First Nations on contraband tobacco. Can you tell us whom your ministry has met with, what issues have been discussed and what the outcomes have been?

**Hon. Sophia Aggelonitis:** What I'd like to start by saying is that our relationship with First Nations on so many issues has been collaborative. We have partnerships with a number of First Nations leaders, elected council members; we have someone in our ministry who works very closely with them, not only in the Ministry of Revenue but also in the Ministry of Aboriginal Affairs. Minister Bentley has those relationships, and we continue to foster them.

When it comes to contraband tobacco—and I know that you're aware of the proposed legislation—we have been working with First Nations on an ongoing basis, and we continue to open those partnerships to look at agreements where we, as the Ministry of Revenue, and First Nations can work together. When it comes to contraband tobacco, I think we all are on the same page. We want to make sure we get contraband tobacco out of the hands of our young people. We know that they are spending lunch

money buying contraband tobacco because it is cheap. It's a responsibility not only for us in our communities but also for First Nations.

**Mr. Peter Tabuns:** I appreciate that, and the sentiment makes sense to me, but which First Nations have you been meeting with? How frequently do you meet? Are the contexts large workshops or one-to-one? Can you give us more detail than your general direction and concern?

**Hon. Sophia Aggelonitis:** Sure. I can tell you that I personally have met with Chief Montour. We've had some very good discussions, especially on the key issues for First Nations. I could get you some more information on our ministry and whom we have met. Deputy, do you have anything to add to that?

**Mr. Steve Orsini:** Maybe a couple of additional points to add. There have been a number of First Nations groups that have expressed an interest in working with the Ministry of Revenue. This year alone, we've been able to sign an additional five agreements with them on the cigarette allocation retail agreement, where band councils play a role in determining eligible retailers on a reserve for the cigarette allocation formula.

One of the things they've also asked—and this is your point: What have they raised? They really want a greater opportunity to engage with the government on solutions. One of the things that the minister does not have the authority to do is to enter into agreements. One of the things that Bill 186 proposes to bring forward is to give the minister the authority to share information and enter agreements, which would really open up the more meaningful, broad-based consultations that First Nations have been asking for.

**Mr. Peter Tabuns:** These agreements around contraband that you've signed: What impact did they have on reducing the problem?

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**Mr. Steve Orsini:** These agreements play an important role in determining who is a retailer on a reserve, and it does ensure that there is some oversight on whether—the retailer might have shut down. We don't, as a ministry, want to issue a cigarette allocation to a business that doesn't operate. Keeping that list up to date is an important part of ensuring a more robust cigarette allocation formula. That's only one of many, many things that the ministry could do in working with First Nations. Until those authorities are approved, the ministry is limited on what future agreements the government may want to enter into with First Nations.

**Mr. Peter Tabuns:** With the agreements that you've signed around determining who is a current vendor and who is not, has that had any impact whatsoever on the sale of tobacco?

**Mr. Steve Orsini:** It does ensure that there is a retailer on a reserve authorized to receive the cigarette allocation. As you know, the province does provide a certain amount of cigarettes to be distributed on reserve for First Nations purposes. One of the things that the ministry looks for is

that the band council play a role in monitoring that retailer.

What the ministry has been doing, independent of that, is ensuring that we do have the effective mechanisms in place to ensure that contraband—that, across the system, we have effective ways of curtailing that activity. Over the last three years, the ministry has been successful in seizing 150 million illegal cigarettes. Those effective tools complement other things that the government may be doing, working with all stakeholders, including the CRA and local police, collaborating on ways to deal with contraband.

**The Chair (Mr. Garfield Dunlop):** You have about a minute left, by the way, in this round.

**Mr. Peter Tabuns:** I'll pass on the minute.

**The Chair (Mr. Garfield Dunlop):** Thank you very much to the third party.

Minister, you now have 30 minutes to make any responses to what was mentioned here this morning.

**Hon. Sophia Aggelonitis:** Great. Will you be able to tell me when I'm close?

**The Chair (Mr. Garfield Dunlop):** Oh, yes. I'll keep an eye on it. It's my job.

**Hon. Sophia Aggelonitis:** Great. Okay.

I first want to thank you, Chair. I'm really glad to be back.

I do want to make some comments and respond to some of the questions that were raised this morning, specifically on the HST and how it relates to families and seniors—the question about how open and transparent the government is on the impact of the HST in our tax package.

We have had a number of reports that have been published that show these tax changes, by third parties, leading economists and, of course, the Ministry of Finance. We have been also very clear that the price of some items would increase, but we've also provided, I believe, a full, balanced picture of the impact of all of our tax changes.

We want to make sure that we get on record in Hansard the facts on how the government has been transparent. What I'd like to do, if I could, is read into Hansard a table that is in our 2011 Ontario budget. I do have some information that I'd like to pass the committee, if I can do that through the clerk.

The table that I'd like to read into Hansard is a table that is on page 251. It's table 2, and it presents the average savings or cost to Ontario households by income range. In the first full year of the HST, households with incomes up to \$300,000 will, on average, have an overall net savings. In the third year, when the transitional benefit is no longer available, households with income under \$90,000, which represent about two thirds of households in Ontario, will, on average, have a net savings. In both years, the net savings generally decline as incomes rise.

Looking at the chart, if we look at annual incomes between \$4,000 and \$20,000, which represent about 12% of households, the net cost of the HST on that income



earner is \$225, but the total tax relief for someone in that income bracket is \$730, for a net savings of \$510.

If we take the next annual income, which is between \$20,000 and \$30,000—that represents about 10% of households—the net cost of the HST is \$290. The total relief, though, is \$970. The net savings would be \$680.

If the annual income of a person in Ontario is between \$30,000 and \$40,000—that represents about 10% of households—the net cost of the HST would be \$360. The total relief for that person would be \$1,115, and the net savings would be \$755.

If the annual income is between \$40,000 and \$50,000, which represents 9% of households, the net cost of the HST would be \$420. The total relief, though, would be \$1,135. The net savings for that would be \$715.

Annual income between \$50,000 and \$60,000: For the first year, the HST would cost that individual \$480. The total relief, though, would be \$1,130, for a net savings of \$650.

For an annual income between \$60,000 and \$70,000, the net cost for the HST would be \$530, but the net relief—the total relief, in fact—would be \$1,130. The net savings would be \$595. That's in the first year.

Savings for someone with an annual income of \$70,000 to \$80,000: The net cost of the HST in year one would be \$580. The total relief would be \$1,160. The net savings for someone making \$70,000 to \$80,000 would be \$580. That's a net savings.

If annual income is between \$80,000 and \$90,000, the net cost of the HST would be \$630, the total relief would be \$1,170 and the net savings would be \$545 in year one.

If the annual income is between \$90,000 and \$100,000, the net cost of the HST would be \$685, the total relief would be \$1,210, and the net savings for that income earner would be \$520.

If your annual income is between \$100,000 and \$125,000, the net cost of the HST in year one would be \$760, the total relief would be \$1,290, and the net savings would be \$530.

If we look at year three, if the annual income per household is \$4,000 to \$20,000, the HST net cost to that household would be \$195, the total relief for that household would be \$455 and in three years, the net savings would be \$260.

In year three, if the annual income per household is between \$20,000 and \$30,000, the HST would have a net cost of \$250 and the total relief would be \$620, for a net savings of \$370.

If the annual income per household is \$30,000 to \$40,000, in year three the HST would cost \$320, the total relief would be \$690 and the net savings would be \$370.

If annual income is between \$40,000 and \$50,000 per household, the HST would cost \$380—that's year three. Total relief would be \$680, and net savings would be \$300.

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If the annual income is between \$50,000 and \$60,000, in year three the HST would cost that household \$435, total relief is \$640, and the net savings would be \$205.

If the annual income is between \$60,000 and \$70,000, in year three the HST would cost \$480, the total relief would be \$605, and the net savings would be \$125.

If the annual income rises to \$70,000 to \$80,000, in year three the HST would cost \$530, with a total relief of \$605, and a net savings of \$80.

If the annual income is \$80,000 to \$90,000, in year three the total amount for the HST would be \$570, the total relief would be \$605, and the net savings would be \$35.

If the annual income is \$90,000 to \$100,000, in year three the HST would be \$640, the total relief would be \$625, but the net cost would be \$15.

We know that the higher the incomes are, that would change, as far as the cost of the HST.

Like I said, we have open and transparent records. We've got a number of publications from third parties, from the Ministry of Finance, that are available to the people of Ontario. We're happy to get these charts out to anyone who needs to see them. We want to make sure that they know that they are available.

One of the responses this morning—Mr. Tabuns asked a question in regard to the tax relief to businesses. There is a table that has been published twice. The last time it was published was by the Ministry of Finance in January 2010. That was in Ontario's Long-Term Report on the Economy. I'd like to pass a copy to the members, if I could, through the clerk. This table on page 59 shows that almost all sectors of Ontario's economy will see substantial tax savings from the HST combined with the permanent tax cuts. When fully implemented, businesses will save almost \$4.5 billion a year from replacing the RST with the HST, \$2.4 billion annually from the CIT cuts and nearly \$1.6 billion a year from eliminating the capital tax.

I would like to read this chart into the record. I think it's extremely important to show how a lot of sectors are benefiting from the tax package.

The first sector I'd like to talk about is the agricultural sector. Under the HST, they would save \$30 million annually; the corporate income tax savings would be \$15 million; and the capital tax would be small, but the total net savings for the agricultural sector is \$45 million.

The forestry, fishing and hunting sector, under the HST, would save \$15 million; corporate income tax and capital tax would be small, but the total net savings for the forestry, fishing and hunting sector would be \$15 million.

Mining, utilities, oil and gas, under the HST, would save \$105 million; the corporate income tax would see a savings of \$110 million; with the capital tax, they would see another \$100 million; and the total would be \$315 million.

When we look at the construction sector, under the HST they would see savings of \$2.3 billion; corporate income tax, \$120 million; capital tax, \$40 million, for a net savings of \$2.4 billion.

Under the HST, manufacturers would save \$510 million; corporate income tax, \$405 million; capital tax, \$305 million, for a total net savings of \$1.2 billion.

The wholesale trade sector, under the HST, would see a savings of \$440 million; the corporate income tax would see \$245 million in savings, and the capital tax would see about \$100 million in annual savings. So the total net savings for the wholesale trade sector would be \$785 million.

When it comes to the retail trade, under the HST the savings would be \$265 million; corporate income tax, \$100 million; capital tax, \$55 million, for a total net savings of \$420 million.

Transportation and warehousing: Under the HST, they would see savings of \$500 million; corporate income tax, \$60 million; capital tax, \$35 million, and the total net savings would be \$595 million.

The information and cultural industries: Under the HST, they would see savings of \$565 million; the corporate income tax, \$80 million; capital tax, \$85 million; the total net savings, \$730 million.

The financial services, except insurance: They will pay more with the HST—in fact, \$900 million—but they will also benefit from corporate income taxes, \$535 million, and capital taxes, \$520 million, to see a net savings of \$155 million.

For insurance, it's basically a wash.

Real estate: They would be paying \$20 million, but they would benefit from corporate income tax, \$135 million, and capital tax, \$75 million, for a net savings of \$190 million.

The renting and leasing sector: Under the HST, they would see a savings of \$105 million; corporate income tax, \$25 million; capital tax, \$40 million, for a total net savings of \$170 million.

Professional, scientific and technical services: Under the HST, they would see a savings of \$395 million; corporate income tax, \$270 million; capital tax, \$120 million, and the total net savings for the professional, scientific and technical services sector would be \$785 million.

Other services, except public administration: Under the HST, they would see a savings of \$280 million; the corporate income tax, \$170 million; the capital tax, \$75 million, and the total net savings for other services except public administration would be \$525 million.

So the savings in this chart regarding the tax relief by business sector would be, for the HST, \$4.4 billion; corporate income taxes, \$2.4 billion; capital tax, \$1.5 billion, for a total of \$8.4 billion.

That's a chart that we have published twice. Like I said, the Ministry of Finance published it the last time in January 2010. I think it's important that we have this available to us not only here at this committee—it will be on Hansard, and we do have these records and this information on our website at the Ministry of Revenue.

**1640**

We spoke this morning of case studies of families. There are, in fact, a couple of case studies that I wanted to share with you. One case study is a family of four with two children aged two and five who, say, live in the great city of Ottawa: two income earners with a combined

gross income of \$100,000. They could get back \$435. A single adult earning \$25,000 living in Thunder Bay could get back \$945. A senior couple who owns their home in Toronto and have a combined retirement income of \$35,000 could get back \$2,595. A family of five with three children aged eight, 10 and 14, living in Goderich and earning a total family income of \$60,000 could get back \$585.

We also spoke this morning about the clean energy benefit. The clean energy benefit is providing more relief on the provincial portion of our hydro bills; the provincial portion, of course, is the 8%. We are offering for five years a 10% discount called the new Ontario clean energy benefit, which is retroactive to January 1 of this year.

Those are just a couple of things that I wanted to put into the record from this morning.

The other thing I'd like to mention is—I would like to read for the record and put in Hansard an open letter that was sent to Ontarians and British Columbians. It was a letter that was dated June 15, 2010, and it reads, Toronto, Ontario, June 15, 2010:

"Effective July 1 ... in Ontario and British Columbia retail sales tax ... will be replaced with a value-added tax ... and combined with the federal goods and services tax (GST) to create a federally administered harmonized sales tax (HST).

"We," the undersigned, "strongly support implementation of the HST as we believe it will promote investment, jobs, and higher wages. With more than 140 countries and four other provinces having adopted a VAT, the HST will elevate provincial competitiveness. Currently, the RST is charged on a broad range of inputs purchased by businesses to manufacture products and provide services. This tax becomes embedded in the cost of goods at each stage of the production, distribution and retail processes. The result is a compounding of the tax that is ultimately paid by consumers through higher prices.

"The RST places British Columbia and Ontario at a competitive disadvantage compared to many jurisdictions when it comes to attracting investment and creating jobs.

"The HST, by contrast, will remove this cascading tax by refunding the sales tax paid on most business inputs, including materials, supplies and equipment. Without this compounding tax, Canadian goods and services will be more competitive in domestic and export markets. As was the case with the GST and in the provinces shifting to a value-added sales tax, businesses will pass these savings on to consumers.

"Businesses, large and small, will face lower administrative costs from complying with one sales tax system instead of two. Lower business costs, especially on capital equipment, will encourage investment and economic activity. Lower business costs will ultimately allow price reductions on many consumer purchases, including big-ticket items, such as automobiles and computers.

"The HST will enhance competitiveness, encourage new investment and create jobs. It represents sound public policy."



Those signatories include Craig Alexander, the senior vice-president and chief economist, TD Bank Financial Group; Sam Boutziouvis, vice-president, economics and international trade, Canadian Council of Chief Executives; Derek Burleton, associate vice-president and director of economic analysis, TD Bank Financial Group; Mel Cappe, president, Institute for Research on Public Policy; John Chant, professor emeritus, department of economics, Simon Fraser University; Dr. Sherry Cooper, executive vice-president and global economic strategist, BMO Financial Group, and chief economist, BMO Capital Markets; Len Crispino, president and chief executive officer, Ontario Chamber of Commerce; the Honourable John Manley, president and chief executive officer, Canadian Council of Chief Executives; Roger Martin, dean of the Rotman School of Management, University of Toronto; Earl Sweet, managing director and senior economist, BMO Capital Markets; L.R. Wilson, chairman, CAE Inc., and chancellor, McMaster University; Craig Wright, chief economist, RBC Financial Group; Dr. Brian Lee Crowley, managing director, Macdonald-Laurier Institute; David Dodge, senior adviser, Bennett Jones LLP, and former governor of the Bank of Canada; Don Drummond, economics adviser, TD Bank Financial Group; Dr. Anne Golden, president and CEO of the Conference Board of Canada; Glen Hodgson, senior vice-president and chief economist, Conference Board of Canada; Finn Poschmann, vice-president of research, C.D. Howe Institute.

Mr. Chair, I wanted to make sure that that was in Hansard. I think the information that they have provided, the letter of support, is important for all of us to make sure we're aware of.

The other thing I would like to conclude—

**The Chair (Mr. Garfield Dunlop):** You have about five minutes left, Minister.

**Hon. Sophia Aggelonitis:** One minute?

**The Chair (Mr. Garfield Dunlop):** Five minutes.

**Hon. Sophia Aggelonitis:** Oh, good. The last thing—

**The Chair (Mr. Garfield Dunlop):** You're doing a good job.

**Hon. Sophia Aggelonitis:** Thanks.

The last thing I'd like to include in my report is some of the information that we have already compiled on new jobs that have been created. We know that Jack Mintz, one of Canada's leading economists, has said that in the next 10 years, with the implementation of the comprehensive tax package, we would see an estimated 600,000 additional new jobs, we would see increased capital investment of \$47 billion, and we would see increased overall annual worker incomes of up to almost 9%.

We are turning the corner when it comes to jobs, and some of those jobs that have come our way in Ontario—very exciting—are:

—Max Aicher North America in Hamilton created 300 new, good jobs;

—L-3 Wescam of Burlington is expanding the next generation of aerospace systems, creating 375 jobs;

—Sandvine of Waterloo: The business is developing network solutions, creating 75 jobs;

—The Ford Essex engine plant in Windsor is implementing new manufacturing processes, creating over 750 jobs;

—Roxul in Milton has created 100 new jobs at their Milton facility;

—Ferrero Canada, a new state-of-the-art confectionary manufacturing facility, is creating 40 new jobs;

—OpenText in Waterloo, Richmond Hill and Ottawa: The business is developing new, innovative digital media products while creating 400 new, good jobs.

In addition to that, in April we partnered with a number of companies that are getting ready to hire, and they include Christie Digital Systems Canada in Kitchener. They're creating 50 new jobs and supporting 53 existing positions by developing new digital projection technologies. There's Warren Industries Ltd. in Concord. They're an auto parts manufacturer. They're creating 66 new jobs and protecting 20 existing jobs. Silfab Ontario Inc. in Mississauga is a new solar manufacturing plant. They're creating 71 new jobs in Mississauga and will employ up to 200 people once at full capacity. Digital Extremes in London is developing a 3-D evolution game empire, creating 30 new jobs and protecting 53 existing jobs. Integrant Technologies in Toronto is creating 20 new jobs, while supporting 29 existing positions by developing leading-edge metal coating technologies. Pratt and Whitney Canada in Mississauga, a world leader in the aerospace industry, is creating 80 new jobs in Mississauga. Kellogg Canada in Belleville is creating 40 new jobs and is planning a new cereal production line in Belleville. Lastly, Mr. Chair, Eagle Feather Aviation Inc. in Sault Ste. Marie is creating up to five new jobs.

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Those are just some examples for the committee of new jobs that are coming to our province and also jobs that are being protected. I leave you with that.

Thanks, Chair.

**The Chair (Mr. Garfield Dunlop):** You've still got a minute and six seconds.

**Hon. Sophia Aggelonitis:** Another minute and six seconds? I'll pass on that. Thank you.

**The Chair (Mr. Garfield Dunlop):** Thanks very much, Minister. That concludes the 30-minute rotation.

Now we will go to the official opposition. We'll begin 20 minutes with Ms. MacLeod.

**Ms. Lisa MacLeod:** That was utterly disappointing, that you chose to use 30 minutes to read a letter to the editor, two documents prepared for the public in a budget and another chart.

It's frustrating. I asked about 16 questions this morning—specific questions—with respect to the revenues that the HST brought in. You decided you were going to refer me instead to the Ministry of Finance. You then took the opportunity this afternoon to discuss economic development numbers from their estimates, yet you can't talk about your own.

You're the Minister of Revenue, right? If you are the Minister of Revenue, you should be able to discuss revenues to the government. That's why I have a series of questions that I don't believe were answered.

I didn't ask for third party documents. I could bring you all the third party documentation I need or anyone here would need from across the province from people who have concerns about the HST and how much it's costing them. I didn't ask for that.

I asked for your internal documents. I asked for your internal documents with respect to memos or issue notes that helped make your decision and your predecessor's decision to advance the HST. I expect that to be forthcoming because that's what I asked for this morning.

In addition to that, I asked for two other sets of documents. One was projections on the HST, what you thought you were going to receive from the public, who would be paying this tax. The second is how much HST your department of revenue, of which you are minister, would collect in revenues from the HST, things like tobacco, gasoline and hydro. I further asked you about, when the hydro rates go up, how much more HST you would be expecting to receive from the public.

Do you have any of those answers now that we've had the better part of a day to leave this room and to reconvene after having me ask you, as revenue minister—of all of the revenues that come into your government about your revenue ministry?

**Hon. Sophia Aggelonitis:** Well, I thank you for that comment. I would respectfully disagree. I think reading into the official, permanent record charts and annual costs or savings for household incomes, when it comes to the HST, is important—

**Ms. Lisa MacLeod:** Minister, you have to come clean—

**Hon. Sophia Aggelonitis:** I think people really—

**Ms. Lisa MacLeod:** I'm going to ask the Chair if you can ask her to answer my questions. I asked them this morning. I would have expected that they would have been able to get that information to me. My first question is, how much HST has the McGuinty Liberal government collected off of taxes?

**The Chair (Mr. Garfield Dunlop):** We have a list of the questions you've asked, and legislative research is going to work with the ministry to try to get those answers. Now, I don't think all of those were guaranteed today.

**Ms. Lisa MacLeod:** I thought they were guaranteed for this afternoon; that was my understanding.

**The Chair (Mr. Garfield Dunlop):** I wasn't under that impression. I think the deputy said "as soon as possible." I don't think he guaranteed them, did you?

**Mr. Steve Orsini:** Just a couple of points, if I may. One is, the Ministry of Finance prepares the forecast and estimates on revenues from the HST and from economic analysis. As the minister mentioned, it's a complicated set of consumption patterns that people engage in. They all change and move around, and you have to look at it as

a complete package, which is what the household impacts show—

**Ms. Lisa MacLeod:** Are you suggesting that it's too complex for the opposition?

*Interjection.*

**Ms. Lisa MacLeod:** I guess I'm getting a little frustrated that the Minister of Revenue came in to talk about economic development numbers and read letters to the editor that were published in community newspapers and other papers across the province and elsewhere in the country. She's given me a budget document—I'm perfectly capable of reading that myself. The question I have, Chair, is, why can't this minister answer the questions on revenue? She is the Minister of Revenue, and I asked for specific projections. If she's not prepared or if they're afraid to table the documentation, I need to know. I'm here to do a job. The official opposition expects answers.

**The Chair (Mr. Garfield Dunlop):** Okay, and I think we've got a list of the requests that you have had here in your first 30 minutes, as well as what you're asking right now. I just don't know if you're able to—can you give any of those revenue projections or numbers at this point? Or when can we expect to have them?

**Hon. Sophia Aggelonitis:** Like the deputy did say, we do now have those questions from Ms. MacLeod. But like he stated, it's the Ministry of Finance who has estimates and forecasts when it comes to those items that she asked for.

The Ministry of Revenue—the job that I'm supposed to do is the administration of tax. Reading this chart—I think it's very important to have a permanent record, because people want to know how much the HST is costing them and what kind of relief they're getting.

**Ms. Lisa MacLeod:** They know that. With respect, Chair, they know what it's costing them. They tell me each and every day. They tell me that the price of a loaf of bread has increased. They tell me that the price of gas has gone up—

*Interjection.*

**Ms. Lisa MacLeod:** No, no, the cost of living has gone up. People will tell me; they'll tell me what their family needs. The HST is impacting certain things. But the reality is—

*Interjections.*

**Ms. Lisa MacLeod:** —and I appreciate the heckling from the Liberals—I've come and I've asked very specific questions. I wanted to know what the increase of these revenues would be. It appears that the revenue minister is not prepared to tell me what those revenues are or what those revenues were projected to have been or what the revenues are projected to be. That's a big concern to the official opposition as we prepare to end this session.

I guess maybe I'll ask a few other questions, if you'll indulge me with the remaining moments that I have. I'd also like to receive some specifics on this. I did talk a lot about hydro. Hydro, of course, is probably the biggest issue of any of the calls that any of us are receiving—



emails or phone calls to our constituency office, even when we're out door-knocking or at community events. We know that it has risen. Your government said that hydro bills would only go up by about 1%, based on the Green Energy Act, but now we know it's 46%.

I guess the question is: What is the new estimate of what you expect to collect in HST because of that increase? Has your department costed that out? Have you war-gamed that? Have you discussed and projected what the addition of the HST will be, given the rapid increase in hydro rates?

**Hon. Sophia Aggelonitis:** Ms. MacLeod, like the deputy did answer, part of your specific questions do relate to the Ministry of Finance when it comes to estimates and forecasts. But you are quite right: People want to know about hydro costs. As an MPP, I appreciate that as well.

One of the things that I make sure I tell my residents of Hamilton Mountain is that there is some relief. The one piece of relief is the clean energy benefit—

**Ms. Lisa MacLeod:** Sure. But the question is, how much money have you collected as a result of the increases in hydro on the HST? I'd like to know the answer.

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**Hon. Sophia Aggelonitis:** Well, the clean energy benefit—

**Ms. Lisa MacLeod:** I'm not interested in the clean energy credit; I'm interested in how much you are receiving or you are collecting. You did say you're the collector. You deal with the administration of revenue. How much money are you collecting as a result of the increases to hydro?

**Hon. Sophia Aggelonitis:** We do administer tax, the HST, and we are collecting tax. When it comes to estimates and forecasts—

**Ms. Lisa MacLeod:** How much tax are you collecting?

**Hon. Sophia Aggelonitis:** —the Ministry of Finance is responsible for that. I do understand your specific questions, and I know that the Ministry of Finance will be here.

To say that the Ontario clean energy benefit is not important—it's 10%.

**Ms. Lisa MacLeod:** No, it's not relevant to the question I'm asking you.

Mr. Chair, I've asked now another question with regard to—the minister stated that she deals with the administration and the collection of revenue. My question is, how much revenue is being generated as a result of these hydro increases?

It's simply not realistic or plausible to suggest that she doesn't know that. If she doesn't, I'm left with two conclusions, as is the public: that she's withholding information from me or that she doesn't know the answer, in which case, I think that's bad for the government—in either case.

I guess the question is, could we bring some honesty into this discussion and actually tell me, do you have a

document which forecasts how much additional revenue your department will collect and administer as a result of the increase in hydro rates?

**Hon. Sophia Aggelonitis:** Ms. MacLeod, our government has been very clear with our plan right from the start. We have a comprehensive tax package that is helping Ontarians: \$12 billion going back to families. Those are really important tax credits and tax cuts. It has always been our plan to be open and transparent. That's why I chose to read to Hansard for the permanent record: to make sure that the annual savings or the costs to households when it comes to the HST—on your specific question on the hydro issue, like my deputy and I previously have said, the revenue ministry does administer the taxes of our province, but the Ministry of Finance is in charge of estimates and forecasts, and—

**Ms. Lisa MacLeod:** I'm not even just asking estimates. What are the numbers?

Mr. Chair, the minister seems to be talking about every single other ministry with the exception of her own. I'd like to talk about revenue.

As the revenue minister, she's responsible, as she has said, for administering and collecting revenue. The seriousness here is the Premier figures that—the new hydro bills costs came five months after the HST took effect. I would like to know, since she is evading the answer that I would like in terms of what those concrete numbers are, what she has recalculated the amount of the HST that she takes from—

**The Chair (Mr. Garfield Dunlop):** Excuse me a sec.

**Ms. Lisa MacLeod:** —Ontario families for the next five years.

**Mr. Bob Delaney:** On a point of order, Chair: The standing orders of the House apply in committee as well. This is the third time the member has perhaps allowed her words to run away on her and imputed a motive or made an allegation against either the minister or the ministry. I would ask, Chair, that the member confine her remarks to a question and to the matter at hand.

**The Chair (Mr. Garfield Dunlop):** I think she's confused on what the role of the ministry is because I think she's after specific numbers coming from the Ministry of Revenue as part of that administration. Carry on.

**Ms. Lisa MacLeod:** Thanks, Chair.

I guess the question is, can I expect an answer from you?

I understand. Look, I get it. They put you in this role. You're here to do the job that nobody else really wanted because you're taking this money, billions of dollars, from taxpayers. I get that. I know it can't be easy.

But you have to understand: In the official opposition we have a job. We're here to hold you to account and ask for answers. You aren't providing me with any answers. I'm sure that's probably a good thing for your friends over here so that we don't have to hold you to account. The reality is, in order for this process to work, you're going to have to provide us with some answers so that

not only the public knows but also the official opposition, so we can do our work.

I would ask you again: Can you provide me with the amount that the Ministry of Revenue that you administer has collected as a result of the HST on hydro rate increases? Can you provide me with that?

**Hon. Sophia Aggelonitis:** Ms. MacLeod, first let me start the answer by saying that I believe that every single person in our Legislative Assembly plays an important role. It doesn't matter if you're in government or official opposition. We are all in this together. I believe that the most important thing for all of us is to make sure that we support the people of Ontario, and that's why the government has a very strong, comprehensive tax plan.

The Ministry of Revenue administers the tax collection, and the Ministry of Finance is in charge of estimates and forecasts. If you are looking for specifics, I cannot provide you with specifics, but the ministry—

**Ms. Lisa MacLeod:** You just provided me with specifics from other ministries. Why don't you provide this committee with the response to the question I've asked?

How much more time do I have, Mr. Chair? I do have several more questions.

**The Chair (Mr. Garfield Dunlop):** You have five minutes.

**Ms. Lisa MacLeod:** I have five more minutes. If we could just hurry it along, and if perhaps you could just provide me with the answers so that we can just get on with business on what these hydro rate increases are going to do for the treasury in terms of the HST, I'd really appreciate it.

I'm just wondering if the minister could provide me with a copy of the briefing that she received on the increased windfall that they're going to be receiving in revenues in the ministry that she is administering, as a result of the increase in hydro bills. I assume that that would be available to you, and I'm sure that your ministry officials—there seem to be several of them right behind you—would have, at one time or another, crunched those numbers. It's well known that these hydro rates are increasing; everybody knows about it. I suspect that they have taken into consideration and into account that extra revenue that will be, of course, collected under your administration in the Ministry of Revenue.

**Hon. Sophia Aggelonitis:** Ms. MacLeod, my ministry officials would be very happy to provide any briefing for you that you may request.

**Ms. Lisa MacLeod:** Okay, that's wonderful. If they could provide us with a copy of the briefing that you received as a result of the increased windfall that you're going to receive from increased hydro bills, that would be great. If we could have that, I think—

**The Chair (Mr. Garfield Dunlop):** Is that what you're asking here?

**Ms. Lisa MacLeod:** That's what I've asked. I think, from what I understand, that's what she's accepted.

**The Chair (Mr. Garfield Dunlop):** Are you offering a briefing, Minister?

**Hon. Sophia Aggelonitis:** For clarification, I would offer, in fact, to any member of the House—if they would like to have a comprehensive tax package briefing, I would be happy that our ministry can speak to our comprehensive tax package.

**The Chair (Mr. Garfield Dunlop):** I think what the member is asking is, can she get a copy of the briefing that you were given?

**Hon. Sophia Aggelonitis:** I would be happy—

**The Chair (Mr. Garfield Dunlop):** I'm just trying to make sure—

**Ms. Lisa MacLeod:** Well, now what I'm wondering is, was she even briefed on this?

**The Chair (Mr. Garfield Dunlop):** No, I'm just wondering if—

**Ms. Lisa MacLeod:** But I'd like to receive a copy of the briefing.

**The Chair (Mr. Garfield Dunlop):** We have a series of questions that have been asked here. Are we expecting to have these questions answered by the Minister of Revenue?

**Interjection:** Yes.

**The Chair (Mr. Garfield Dunlop):** Okay. There's a whole group of questions, around 15 or 16 questions now, I believe.

**Ms. Lisa MacLeod:** Well, it'll be qualified, of course, at Hansard. That would probably be the most helpful place, even for the minister, to—

**The Chair (Mr. Garfield Dunlop):** You've got two minutes and 40 seconds.

**Ms. Lisa MacLeod:** Sure. I guess we'll just continue on with this line of questioning, because I think obviously it's a big concern. These hydro bills, these rates, are increasing, and we're paying the HST a couple of times. I would like to know, what is the HST—

**Hon. Sophia Aggelonitis:** I should also answer that we have the energy benefit.

**Ms. Lisa MacLeod:** I was wondering, what is the HST on hydro bills estimated to generate as revenue? Do you know that?

**Hon. Sophia Aggelonitis:** It's really important, and I would hope that Ms. MacLeod would share with her constituents and all of Ontarians, that there's an Ontario clean energy benefit—

**Ms. Lisa MacLeod:** But why don't you know that answer? I think that what concerns people—

**Hon. Sophia Aggelonitis:** —of 10%.

**Ms. Lisa MacLeod:** —is that we have to always redirect the answers that I'm receiving from the minister toward a green energy benefit or the clean energy benefit, rather than getting to the crux of the questions that we have right now.

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The question I have is, yes or no, does she know what the answer is? Yes or no. I mean, I can't get any more clear than that, Minister. I do apologize. You're a wonderful person. It's hard to hold you to account, because you are such a nice person, but I have to. That's my job, and you are the minister who is responsible for ad-



ministering the department that collects revenue. I need to know, do you know what the HST on hydro bills has generated for your department? It would be simple if you could just say yes or no.

**Hon. Sophia Aggelonitis:** I think you're a wonderful person too.

Let me just say that the Ministry of Finance provides estimates and forecasts for the province of Ontario, and they are coming to this committee. I'm sure that they'd be happy to answer those questions.

**The Chair (Mr. Garfield Dunlop):** Just to make sure I'm clear on this for research, you're saying that if Ms. MacLeod asks the Ministry of Finance how much revenue has been collected from the harmonized sales tax on all hydro bills in Ontario from the day the HST was implemented to a specific date, they will be able to provide that information? Because I think that's what she's after.

**Hon. Sophia Aggelonitis:** Let me clarify that I can't comment on the Ministry of Finance and how they're going to answer questions. What I can say is that the Ministry of Revenue administers the tax in the province of Ontario. The Ministry of Finance is in charge of estimates and forecasts, and I know that they will be here at committee.

**The Chair (Mr. Garfield Dunlop):** Who actually would give a specific dollar value for how much HST has been collected on hydro? Who would actually be able to come up with that information? That's what I'm trying to find out.

**Ms. Lisa MacLeod:** On a point of order, Mr. Chair: The member from Ottawa Centre just asked if I would like to see the Premier's briefing on the question that I just asked. I've got two questions. One is, when can I receive it? And two is, is the briefing the Premier received different from what the minister received? Those are my two final questions.

**The Chair (Mr. Garfield Dunlop):** Okay. That's the 20 minutes for the official opposition.

We'll go to Mr. Tabuns. You now have 20 minutes.

**Mr. Peter Tabuns:** Thank you very much, Mr. Chair.

Where is the debt that is being generated to pay the Ontario clean energy benefit being recorded? Is it with the Ontario Electricity Financial Corp. or the general debt of the province?

**Hon. Sophia Aggelonitis:** That's a great question. I will ask my deputy to fill in with that question, but what I would like to say about the new Ontario clean energy benefit, which is providing a 10% benefit to help consumers manage the rising electricity prices for the next five years—the credit is helping more than four million residential consumers, including our seniors, and more than 400,000 businesses and farms. It took effect on January 1, 2011, and is retroactive if people have not received that benefit yet.

Deputy, could you add to that?

**Mr. Steve Orsini:** In the interests of trying to respond to that, we need to confirm it with the Ministry of

Energy, but it shows up in the budget as an expenditure item, so it comes from general revenues.

**Mr. Peter Tabuns:** And it's going on for five years, right?

**Hon. Sophia Aggelonitis:** Correct.

**Mr. Peter Tabuns:** So that's about \$1 billion a year?

**Hon. Sophia Aggelonitis:** I don't have that figure in front of me, but it's for five years—a 10% discount on electricity costs to help with the high cost of our electricity.

We all want to make sure that we have a clean, reliable system for Ontarians.

**Mr. Peter Tabuns:** Could we get confirmation from your ministry as to how much it costs per year?

**Mr. Steve Orsini:** Yes. I'll see if we can locate it in the budget. It might be faster.

**Mr. Peter Tabuns:** That would be good. And when you've got that, since it's part of our provincial debt—the figure that rings in my mind is \$1 billion a year. There may be a different number that comes up. We'll be paying that off over 10 years, maybe 20 years. I'd like to know the cost of that particular program, including its interest costs.

**Hon. Sophia Aggelonitis:** Again, I think that that would be better answered by the Ministry of Finance, who are coming.

**Mr. Peter Tabuns:** I'm sure that I will ask the minister that question when I get the opportunity. But if you have that data available, I would appreciate it as well.

**Hon. Sophia Aggelonitis:** And we will locate what we can in our budget, follow through and get it back to you.

**Mr. Peter Tabuns:** In the books, the public accounts, there are a number of revenue sources: electricity payments in lieu of taxes; income from government enterprises—Hydro One Inc. and Ontario Power Generation; and there's electricity debt retirement charges.

My understanding is that the funds from those first three—electricity payments in lieu, Hydro One Inc. income and OPG income—all go to pay down the stranded debt. Can you confirm that for me?

**Hon. Sophia Aggelonitis:** I will ask the deputy minister if he could add to that.

**Mr. Steve Orsini:** What goes towards defeasing the stranded debt is something that the Ontario Financing Authority provides oversight for, and that is something that's probably best directed to the OFA in dealing with those types of questions.

**Mr. Peter Tabuns:** So your department has nothing to do with the OFA?

**Mr. Steve Orsini:** No, that's the Ministry of Finance. What the Ministry of Revenue is responsible for is administering the payments in lieu that you referred to.

**Mr. Peter Tabuns:** Can you tell me what that means when you say you administer those payments in lieu?

**Mr. Steve Orsini:** We're responsible for the auditing to make sure that those payments are made accurately to the government.

**Mr. Peter Tabuns:** Okay. So funds come in and you check to see that they reflect the amount that you expect should be paid.

Just going through your briefing book, can you tell us what the cost is of implementing Ontario's tax plan? The cost of staffing, resources and consultants to make that transformation happen?

**Hon. Sophia Aggelonitis:** Mr. Tabuns, that's a great question; I will ask the deputy for specifics.

I would like to just mention that in our estimates that we've provided, we do show a decrease of \$1.8 billion from the previous fiscal year. The reason there is a decrease of \$1.8 billion is the net result of several changes. Most specifically, it's in regards to the sales tax transition benefit. It is the \$1.8-billion reduction that you see in our estimates. That's because two payments have already gone through to the public in transition payments and the next one is coming in June. It also reflects the decrease of the \$400 million that was given to businesses, the up to \$1,000 which helped businesses in the changeover to the HST. That helped in their point-of-sale system and their accounting systems.

I'll ask my deputy to follow with more specifics.

**Mr. Steve Orsini:** The estimate lays it out by division or program area. To implement the RST wind-down, which is part of that, and to implement the small business transitional payments, which is \$400 million, in addition to support the CRA issuing the sales tax transitional benefit, the ministry has added resources in different parts of the ministry's budget.

For example, on technology, the ministry did incur information technology services to make all the systems changes. We hired additional temporary resources to clean up all the old RST cases, because it wouldn't be fair to business if we had their RST returns languishing for many years. The idea was, let's fast-track those through the system.

We know that, when it's all said and done, there are 1,253 FTEs or positions that, under our HR agreement with the CRA, have the potential to transfer those to the federal government. We also know that overall, the savings will be \$100 million a year when you roll them all up. What we don't have—and maybe this is something we can get back to you on—are the different components when you roll them all up, because they're all in different departments. But we have, on some of the pages, shown where our expenditures rose to pick up the new responsibilities and now will fall as a result of the transition.

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**Mr. Peter Tabuns:** I would appreciate it, Minister, if we could have the aggregate cost of the implementation, because obviously if retailers have to change their systems and equipment, you've had to do some work at your end as well.

**Hon. Sophia Aggelonitis:** The good news, Mr. Tabuns, is that the Ministry of Revenue and the people who work in the Ministry of Revenue are extremely talented, and what we have seen them do in the last year

and a half, with the changeover of the HST—we've seen a lot of great synergies within ministries, a lot of people working together. We do have some really great expertise with us, and I think that should be noted.

**Mr. Peter Tabuns:** I'm happy to note that, but I'm going to go back. You've reduced your workforce by 1,200 FTEs. How many are left?

**Hon. Sophia Aggelonitis:** I'll ask the deputy to share the exact number with us.

**Mr. Steve Orsini:** There are two waves, as we refer to: a smaller group back in November, and the second wave will occur by March of next year. Those folks are critical in maintaining the current audit and supporting the wind-down of the RST, and I should say that they're very high-skilled individuals who provide a great service to the ministry and to the people of Ontario and will provide a huge benefit to the CRA as well, because they're bringing a lot of expertise to the CRA to deal with many of the issues we talked about, such as the underground economy. That expertise will continue, but at the federal level.

**Mr. Peter Tabuns:** That's not quite the question I had asked. How many people will be left in your ministry when you've taken 1,253 out?

**Mr. Steve Orsini:** If I recall correctly, our FTE target by the end of this fiscal year would be about 1,413.

**Mr. Peter Tabuns:** So you effectively cut the department almost in half?

**Mr. Steve Orsini:** It was a significant portion of the ministry, and this came after a time of the corporate tax harmonization as well, which also affected the ministry.

The ministry has gone through a significant transformation in the interest of reducing compliance costs for the economy as a whole, so more than \$135 million savings in corporate tax compliance costs with federal administration and more than \$500 million in compliance cost savings with sales tax administration at the federal level.

What the 2011 Ontario budget has done is identified the Ministry of Revenue as an important source for other transformation in terms of consolidation of collections. The Ontario government is looking to the Ministry of Revenue to do a lot of new supporting functions: audits, special investigations, collections. These are core competencies within the ministry that the Ontario government has recognized and has identified as services that should be more widely available to support the work that other ministries are doing.

**Mr. Peter Tabuns:** I know that people work a limited number of hours in their day. How are they actually going to do that much more work, given that I assume you've got them going pretty steadily now?

**Mr. Steve Orsini:** It's how we can do things faster—smarter technology. We have a state-of-the-art service right now that converts all paper files to electronic images. It's a huge savings to the ministry. So we're actually providing support to other ministries that find that the difficulty in tracking files, the difficulty in dealing with paper when you have clients across the prov-



ince—the Ministry of Revenue, through ImageON—and that was referenced in the budget as well—is now providing that service more widely across the OPS. Actually, our marginal cost of doing that additional service is very small compared to the savings of ministries that don't have that technology. It's state-of-the-art technology that's similar to the banks.

**Mr. Peter Tabuns:** Which other ministries are you providing service to?

**Mr. Steve Orsini:** On that one, we're working with a number of them in moving their files. The Ministry of Community and Social Services is one we're collaborating with. But it is becoming more of a broader-based service that we're offering.

**Mr. Peter Tabuns:** The applications for the electric vehicle incentive program: How much does it cost to process one of those applications, and how many do you process a year?

**Hon. Sophia Aggelonitis:** That's a specific question, and I think we'll have to get back to you on it.

**Mr. Steve Orsini:** Yes. I did a quick scan of folks, and we wouldn't have that readily available. That's something we'd have to follow up on.

**Mr. Peter Tabuns:** If I could have that for the committee as a whole, that would be great.

The new benefits transformation project office: Can you tell me a bit more about what it does and what it's costing?

**Hon. Sophia Aggelonitis:** Absolutely. It's very innovative. We're trying to help Ontarians find benefits quickly. On our ministry website, there is the benefits directory which came online in March of this year. There are approximately 30 benefit and tax credit programs in Ontario. We wanted to centralize the entry point for Ontarians, because right now they have to go to each different ministry to find what program they offer. By centralizing the program information, the new Ontario benefits directory is going to make it easier for people. It's a one-stop shop. We have committed to simplifying access to Ontario's income-tested benefit programs and improving client services. In fact, I have the full website, which is [ontario.ca/benefitsdirectory](http://ontario.ca/benefitsdirectory). The important access is that we've organized it by population segments—seniors, persons with disabilities, families with children—and the types of benefits that they're looking for. So we've tried to make it very simple. There are 30 different benefit programs, and many ministries have been online with us, but we don't have all of them yet.

Deputy, do you have anything to add to that?

**Mr. Steve Orsini:** This was in response to a number of stakeholders—John Stapleton, among others—who have identified the difficulty that people face when they try to navigate a number of different programs and services. This creates one window. It's standardized so that they can go to the right application that's consistent around the program. So it does facilitate people accessing more than 30 programs from nine ministries, and the idea is to expand that.

**Mr. Peter Tabuns:** How much did it cost to set up?

**Mr. Steve Orsini:** Typically, there's a one-time cost when you create the technology. There was a 2010 budget commitment to create the Web portal. The 2011 budget says there might be more things we can do, so there are people working on it to make it easier. Right now, they still have to apply different parts of the system. There's a way we can streamline that. It's all about making the services from government more convenient for the consumer. That's where the skill set from the Ministry of Revenue comes into play—because of our ability to administer programs and services efficiently.

**Mr. Peter Tabuns:** But what did it cost?

**Mr. Steve Orsini:** There's a number in here that has a number of components in it. So I could get back to you on the specific amount related to that. It's in here, but there are a number of other programs related to the benefits transformation.

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There is another element where individual ministries will income-test a program, and there's about eight agreements with the CRA. That's a lot of different ministries and programs dealing with the CRA. What we're looking to is streamlining the back office. So the portal is looking at the front window to access programs. There's a lot of work on the back-office side in terms of streamlining the verification of income, and that's another piece of it. It depends on what you're looking at.

**The Chair (Mr. Garfield Dunlop):** A minute and a half left, Mr. Tabuns.

**Mr. Steve Orsini:** If you're looking at the Web portal, we can carve that out. If you're looking at other parts of the benefits transformation, it's a little more complicated.

**Hon. Sophia Aggelonitis:** I would just add, Mr. Tabuns, that it was a soft launch because there are still things that we want to work on to make sure that it runs really efficiently. But even more so, I think the ultimate goal for our government is to make sure that that one-stop shop is—when you register for a benefits program, you do it right online. So it's not about printing the application and then filling it out. We want to make sure that we can be as interactive as possible and use technology to the best possible use. I think that would be beneficial to Ontarians.

**Mr. Peter Tabuns:** Fair enough. I'd still be interested in knowing the cost.

**The Chair (Mr. Garfield Dunlop):** Okay?

**Mr. Peter Tabuns:** Thanks very much, Chair.

**The Chair (Mr. Garfield Dunlop):** Thank you. You've still—

**Mr. Peter Tabuns:** You're a generous Chair.

**The Chair (Mr. Garfield Dunlop):** All right. We'll now go over to the government members. You've got 20 minutes as well. Mr. Delaney.

**Mr. Bob Delaney:** It's always a pleasure, especially to begin this estimates with a discussion of our Ministry of Revenue.

If I can just start by mentioning something that perhaps I can shed a tiny bit of light on, I think Mr. Tabuns asked about the electric vehicle rebate. While I don't

know how much it costs you to process it—and presuming that this applies if you buy something like a hybrid car, which I did—it took something like two to three weeks for me to receive it. I have to say that the service was pretty prompt. After the premium to buy the vehicle, it was really nice to get that nice little slice of cash back. The great advantage of that, of course, is that it makes you relatively insensitive to the price of gasoline because you now so seldom buy it.

I'd like to conclude with a couple of very simple questions. I'd like to just take some of the material, Minister, that you've presented and sort of sum it all up and see if we can encapsulate a little bit of it. So here goes.

If we go back to the genesis of this, when the province was looking at taking—well, what is a Cold War relic? The provincial sales tax, which was actually introduced by Premier Leslie Frost just prior to when Premier John Robarts took the leadership of the province. It was, in its day, an attempt to implement a consumption tax, but I often ask people, if we're discussing it, "Are you still driving the same car that you had in 1961? Do you still wear the same clothes that you had in 1961? Do you still have the same furniture that you had in 1961?" We go down through a few of these, and I say, "Well, why do you expect that you would still have the same tax that you had in 1961?"

Because taken in the context of today, to do tax in much the same way as that original foundation for the provincial sales tax lay, it leaves you with a Cold War relic that is, first and foremost, obsolete. Secondly, it's complex, because like any other piece of machinery, whether it be a physical piece of machinery or a legal piece of machinery, you can't really blow up the foundations unless you want to change the whole tax, which in the end is the conclusion that the province came to. You're constantly patching it and putting little legal Band-Aids on it, and it makes it complex and wasteful and expensive, and of course makes it incompatible with the way the rest of the world has learned how to do tax.

Along the way, in the way of making it expensive, it means that particularly in an area that Ontario has traditionally had as an area of unique competence for our province, which is manufacturing in general, but, particularly today, we're the leading jurisdiction in North America for the manufacture of motor vehicles—when we look abroad, if one listens to the Minister of Economic Development and Trade, in all of North America, only California was attracting more foreign investment than was Ontario, and not by much. But California is triple our size, with an economy that's more than triple ours.

So once again, we are punching above our weight in world markets, and you have to ask why and who is coming here. The people who are coming here are private sector firms that are in the tomorrow industries—be it digital imaging, renewable energy, water management—those things that the province identified about a year ago in Open Ontario as some of the core competencies with which Ontario can progress into the second and the third and beyond decades in the 21st century.

In order to do that, what you need is some infrastructure. Some of that is physical infrastructure, which both the province and the feds have collaborated on. In retrospect, when one examines the infrastructure rebuilding program that has happened here in Ontario, people will look back at it and say that one of the reasons it worked out so well isn't so much that two levels of government threw money at it, but it was because, largely, the provincial government, within whose jurisdiction a lot of the infrastructure lies, began in 2003 to lay out a plan, and having a plan was one of the aspects that made the investment of the money effective, efficient and timely.

This has enabled us to lay the groundwork for another part of that infrastructure, which is, if you're asking a company to come here to Ontario and you're saying, "We have the roads over which your trucks can travel, either from your suppliers or to your markets; we've got the railways that can connect you with the largest market in the world; we have the critical mass of trained people"—because a lot of these firms are not coming here with commodity jobs. If you're going to do manufacturing, which is commodity manufacturing with commodity labour, you're not going to go to a place like Scandinavia, Europe in general, Canada or most of the developed countries. You're going to go where the commodity is the cheapest, which is probably the developing world. So almost by definition, the jobs that we're seeing the private sector create here are not commodity jobs but, indeed, careers with a future and growth potential. This sort of lays the groundwork for the balance of that infrastructure investment.

Another part of it, of course, has been primary, secondary and post-secondary education, whose relevance in the scope of this discussion has been that if firms are to come here, then the most valuable thing that goes into the products and the services, or the bundle of them that they assemble and put together to create value for their markets and their clients, is that essential ingredient of trained people. So another part of that infrastructure investment is the trained people in addition to the physical infrastructure.

Another piece of it is a world-class taxation system. In the lifespan of federal and provincial governments of both stripes, in the past, in the 1990s and in the previous decade, we've looked at Canada's and Ontario's tax structure and have said that this is not the optimum structure with which to attract firms in the future and to create employment and to build a future in our country and in our province. I note that our former colleague, who is now the federal finance minister, of course, is a strong advocate of the type of tax reforms which the province has undertaken. And of course, when we look at our tax reforms, we very quickly come to the realization that this can't be done, save and except for the fact that we need the willing co-operation of the federal government in order to implement them.

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Of course, there's a lot of precedent for the type of move that Ontario is making. We are not the first, fourth



or 41st but about the 141st jurisdiction all over the globe that's moved from the type of Cold War tax that I described earlier to what I guess began in Europe as a value-added tax whose intent is that things are only going to be taxed once.

We introduced these measures in 2009. At our budget breakfast in Mississauga, we normally have an independent auditor who comes in. We invite the auditor to come to the budget briefing here on budget day and sit in the lock-up. The next day, we have an independent person who'll say, "I'm from" such-and-such a firm of chartered accountants. "Here is our observation of the budget of the province of Ontario." They do their bit and then we do our bit. He was talking about this, and he said, "This is going to be a very, very significant boost to businesses and to individuals in Ontario."

Some time after, I was having lunch with him, and he said—this was after tax season; I gave him a few days to recover from the big crush at the end of April. We were out having lunch in mid-May, and he said to me, "One of the interesting things is that as I sat in the budget lock-up and did the budget breakfast and listened to the questions that people asked, I was just going into the heavy period in our firm." He's the senior tax partner. He said, "As I was doing my clients' taxes, I forecast out a year or two, depending on how much time I had, what would be the intended impact of implementing the HST in all of these businesses."

He said, "I was a little bit of a skeptic. I wasn't entirely sure. Is this going to affect small businesses and cost them money? What would be the difference between service businesses and manufacturing businesses and large businesses and small businesses and closely held family businesses" and on and on and on? He started to show me some of the spreadsheets that he did. He said, "I've taken out the names of my clients, of course." But I looked at them, and I said, "You're kidding. Look at the money these people are saving." He said, "I didn't believe my own numbers. I gave them to one of my staff, and I said, 'I'd like you to just check my math.'" He was finding just astonishing changes in both your before-tax earnings and obviously your after-tax earnings because their taxes had gone down.

We were talking about the time required for it to flow through to the consumer. This was, of course, before a lot of the studies had been published and allowed us to estimate—I think it was Don Drummond's study that said roughly two thirds of it will be in the hands of the consumer within the first year, leading up to about 90% by the end of year three, and all of it within six years.

This, by the way, happens to have been the experience in implementing the HST in Atlantic Canada and Quebec, which we could see very clearly when one looked at the cost-of-living increase. You could see that the cost-of-living increases in Quebec and Atlantic Canada marched in lockstep until the moment they implemented their version of the HST. Then, everywhere else in Canada, it rose at a level higher than it did in Quebec and Atlantic Canada. You could just see it flow through to the consumer in a lower cost-of-living index.

I started to look for this. One thing I've done every year for about the past six years is, around Christmas-time, I go into my retail sector, as I think I've described to you once or twice. They're just quick visits. I'll go in, and I'll wish people a merry Christmas and happy New Year and shake hands and say hello.

I started to ask, "How's business?" The year that we implemented the HST in the budget, nine months later, of course, I'm wishing people merry Christmas. This was before the actual implementation on July 1, 2010. I was getting a lot of people saying, "Gosh, I don't know what this is going to do. This is probably going to cost me money. I'm really worried about this. I haven't heard good things about it" and all of that. I said, "Well, I'll see you next year. We'll have another chat next year." I went into one stationary chain that year, and the assistant manager laid into me and said, "I just don't believe that this is going to work. I just cannot accept that this is actually going to save us money." So we discussed it, and I said, "At this point, it's premature for both of us, but let's accept the fact that I'll be back next year."

This past Christmas, I went into the same place, and I was speaking to the store manager. This same chap saw me from the back of the store, came running up to the front of the store and said to me, "I've got to have a word with you. Do you remember me from last year?" I said, "I do, and I even remember the conversation that we were having." He said, "Well, I've got to tell you something." And I thought, okay, here it comes. He said, "You were right, and I was wrong." I said, "Really?" He said, "Yes. I have to say that I was a skeptic. I didn't believe that the implementation of the HST would make a difference to us in retail. I thought it would drive our prices higher, but in fact it's enabling us to either hold the price, despite the fact that our suppliers are maybe increasing theirs, or to work with our suppliers to work on a lower price." I said, "Tell me, how are you going about passing this along to your customers?" He said, "If I remember correctly, you have an MBA, right?" I said, "Yes, that's right. Good memory, because that was a year ago." He said, "Well, you know a little bit about the art of pricing. Pricing is one third methodology, one third guesswork and one third what the market will bear. It's hard to walk away from a manufacturer's suggested retail price or, in our case, a price that was published months and months ago in our catalogues. But one thing we can do is we can rebate people. So you'll see in a lot of our advertising that we'll say, 'Buy this, that or the next item, and we'll pay the HST.'" I thought, "Oh, okay."

This was kind of an interesting revelation, that for a lot of people in retail, they're saying, "A lot of times our prices are hardwired at the time that we have to publish our price lists, our catalogues or whatever else, and a lot of our pricing has to be standardized across Canada." When we consider the structure of retail in Canada, we can certainly see that this is the case, because other than individual family-owned businesses, a large proportion of the stores that we buy from have some connection or other to a franchise or a chain. So while the prices may

be locked in nationally, one part of the flexibility that the merchant gets locally is, in their local ads, to say, "For a limited time only (pretty near forever), we pay the HST." You started to see it fairly early on in home renovation things, like carpets and tiles. Most of the vendors in our area started off about three months after the implementation of the HST and said, "Shop with us and until such-and-such a date"—which, of course, kept getting extended—"we'll pay the HST." Translation: Even though the price to them was the same, because people were always paying a 5% GST and an 8% PST, replaced with a 13% harmonized sales tax, which is, for all the world, the federal GST now, they're taking retail items that really have the same level of taxation, and discounting them 13%. That sounds to me like the savings are flowing through to the consumer.

As I've explained before, it makes it difficult to take prices that had to get locked in nearly a year ahead of time and have to be more or less in lockstep with your prices in other parts of Canada, parts where the HST has already been implemented—

**The Chair (Mr. Garfield Dunlop):** You have two minutes to get that question in.

**Mr. Bob Delaney:** Holy cow, time flies when you're having fun. I think the last time I did this, I had to actually carry the question over until the next time.

Minister, has this been congruent with some of your experience as you've been dealing with the clientele that we've dealt with in the Ministry of Revenue?

**Hon. Sophia Aggelonitis:** Thank you very much, Mr. Delaney, for your question. Yes, my experience has been the same. We've had many conversations with businesses. They have been telling us about the flow-through, the savings to consumers that they've passed on.

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When we talk about our businesses and some of the successes that we have seen, specifically, they have seen a \$400-million transition payment to help them in the changeover to the HST. They're also saving \$500 million in compliance costs. But over and above that, we've had conversations with businesses. For example, Kobayashi Online, which is an Internet company. Basically, what Mr. Kobayashi has said is; fWe passed through our savings in the first month of the implementation of the HST. We realized savings" early on "and had a 10% off sale." This was the first sale in the history of the company and it accounted for 20% of sales for the month of July.

Going forward, there is also John Voortman, who is from Countrywide Recycling Inc. On June 1, 2010, he stated, "The HST will benefit us in the building of our plant and in buying our equipment. The money we'll be saving will enable us to do more business and hire more employees."

At the end of the day, this is about making businesses stronger, building our economy and having jobs for Ontarians.

**The Chair (Mr. Garfield Dunlop):** Thank you. We've got about eight minutes for the next round and

then we'll have to adjourn for the day until tomorrow afternoon. Ms. MacLeod.

**Ms. Lisa MacLeod:** First, let me congratulate the parliamentary assistant for going as long as he did on that question. It was remarkable. You have a true gift.

**The Chair (Mr. Garfield Dunlop):** He does it all the time.

**Ms. Lisa MacLeod:** Oh, you do it all the time, so it's nothing new. You're perfecting it.

Let's just go back to the HST. We've already gone through several questions I have that are quite specific. I've asked you about a number of different issues on the HST and on hydro bills, and you'll endeavour, hopefully, to get that information back to me. Given you are the Minister of Revenue, and the Ministry of Revenue collects revenue and it administers the revenue process, of course you would look at all of the documents from the Ministry of Finance.

I'm wondering if you could provide me with the number—how much more HST you will collect on hydro bills if the HST is raised to 14% and how much more HST you will collect on hydro bills if the HST is increased to 15%.

**Hon. Sophia Aggelonitis:** Okay. Just for clarification, Ms. MacLeod, are you suggesting that the PC Party wants to increase the HST?

**Ms. Lisa MacLeod:** No, actually, I'm suggesting that probably, given your government's track record, Dalton McGuinty would. I think that's where we're going with things. As far as we can tell, a 2% increase to the HST would be attractive to the Ontario Liberal Party. I guess the question then becomes, I would like to know what the HST collected at 13% on hydro bills and on the debt retirement charge is; then, when Dalton McGuinty contemplates raising the HST to either 14% or 15%, what that increase would be. We're concerned about consumer protection, and that's why we would ask that question.

**Hon. Sophia Aggelonitis:** I appreciate the question from the member. Ms. MacLeod, without a doubt, I appreciate the questions that you have raised in committee, but I do want to go back to the answer that Deputy Minister Steve Orsini and myself have reiterated. The specifics that you are looking for, the differences between the Ministry of Revenue and the Ministry of Finance: As the Ministry of Revenue, we administer the finances of the province, we take the taxes in; the Minister of Finance estimates and forecasts. I know that the Minister of Finance will be here at a later date, and I would encourage you to have that conversation at that time.

**Ms. Lisa MacLeod:** Minister, it's just simply not plausible. This is how one envisages what you're saying: It's as if you're going around—let's think about Robin Hood. My daughter is a big fan of Robin Hood and she'll watch that little cartoon and, of course, we all know how that goes. There's somebody with a big bag and they take the money and it's all filled up with money. That's how you're describing this: as if you're collecting the tax and you've got this big bank bag and you're just taking in the



money, and then you're just handing it over to Dwight Duncan. I mean, let's be serious. We all know that's not what's happening.

We know, in fact, what's happening is that you're administering the process—you've got the bureaucrats—and that money is coming in. You're collecting it, and it's not in a big bank bag or in a safe or anything. You actually administer it; you actually analyze it; you actually have to count it. That money has to be accounted for, and it's accounted for in your ministry because you're the Minister of Revenue and you collect revenue and you administer the revenue.

It's a little bit disingenuous to suggest that the money that's being collected at the Ministry of Revenue is not being analyzed or reviewed in any way, shape or form.

**Mr. Bob Delaney:** Chair, I have to ask for a point of order.

**The Chair (Mr. Garfield Dunlop):** Excuse me. What did you want—

**Mr. Bob Delaney:** Chair, I have to ask for a point of order in here: A word that is considered retractable in the House is also not allowed in committee. This member knows that the word she just used would have the Speaker call her to account in the House.

**The Chair (Mr. Garfield Dunlop):** Okay. We'll try not to use it anymore.

**Ms. Lisa MacLeod:** I have a quick question: How much revenue did you take in last year? Do you know that answer, as the Minister of Revenue?

**Hon. Sophia Aggelonitis:** I'm learning a lot from the member today, Ms. MacLeod. Ms. MacLeod, the federal government actually collects the revenue. We are—

**Ms. Lisa MacLeod:** So the Ministry of Revenue doesn't collect any revenue whatsoever in Ontario? I think we both know that's not true.

**Hon. Sophia Aggelonitis:** I do want to make sure you understand—

**Ms. Lisa MacLeod:** You actually do collect some taxes.

**Hon. Sophia Aggelonitis:** —that the Ministry of Revenue does administer—

**Ms. Lisa MacLeod:** So the question is, how much revenue do you collect and how much do you estimate you will take in next year?

**Hon. Sophia Aggelonitis:** —and the finance minister estimates and forecasts.

**Ms. Lisa MacLeod:** I mean, clearly you collect the money. Could you count the money that you collect? I guess that's a better question. Mr. Orsini, do you count the money that you collect? I need to know this before 6 o'clock. Or is it just going in this Robin Hood bag and it's being distributed by Dalton McGuinty to the other folks? I need to know.

**Mr. Steve Orsini:** There are two parts to our response. The first part is, the federal government collects a lot of our tax revenue: personal income tax, corporate income tax and now the sales tax. We do get transfers, so, absolutely correct: The revenue flows from the CRA for those three taxes. There are 12 tax statutes that the Ministry of Revenue collects directly. But for those three, it flows from the CRA to the Ministry of Revenue—

**Ms. Lisa MacLeod:** So you do do some counting there.

**Mr. Steve Orsini:** We do.

**Ms. Lisa MacLeod:** And how much that you count can we actually know about, or are we not allowed to?

**Mr. Steve Orsini:** We do get our sales tax revenue—we have our own sales tax residual in place. We get bundled payments, so we do have to work with the Ministry of Finance, the federal Department of Finance and the CRA to make sure we have proper accounting, and that is done.

**Ms. Lisa MacLeod:** Okay. So we're counting it. Now, how much do we get? How much does the Ministry of Revenue—

**The Chair (Mr. Garfield Dunlop):** Thirty seconds and then we've got to—

**Mr. Steve Orsini:** Part two is an important part. The HST revenue is based on a formula that has—

**Ms. Lisa MacLeod:** Oh, no, I'm just talking about all revenues at this point. Now, if you're telling me the federal government does everything and then the Ministry of Finance does everything else, we have staff for what?

**Mr. Steve Orsini:** There is the reconciliation that occurs, and it could occur a year or two after. But we do get money flowed from the federal government. We make sure it's accurate. We have to protect the public interest in Ontario. It's the Ministry of Finance that forecasts the HST or sales tax revenue based on the growth of the economy.

**Ms. Lisa MacLeod:** So how much in the last year did the Ministry of Revenue collect and count?

**The Chair (Mr. Garfield Dunlop):** I think we've got to wrap it up at this point today. We've got a whole series of questions here we're going to try to get answers to.

*Interjection.*

**The Chair (Mr. Garfield Dunlop):** Ms. MacLeod?

*Interjection.*

**The Chair (Mr. Garfield Dunlop):** Okay, so thank you very much, everyone, today. Minister, thank you, and to all the staff at the Ministry of Revenue for being here.

The committee will adjourn until tomorrow at 3:45 or after routine proceedings.

*The committee adjourned at 1759.*











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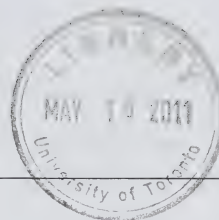
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Wednesday 4 May 2011

# Journal des débats (Hansard)

Mercredi 4 mai 2011

## Standing Committee on Estimates

Ministry of Revenue

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## ASSEMBLÉE LÉGISLATIVE DE L'ONTARIO

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Wednesday 4 May 2011

Mercredi 4 mai 2011

*The committee met at 1619 in room 151.*

**The Clerk of the Committee (Ms. Sylwia Przewdziecki):** Good afternoon honourable members. Owing to the absence of both the Chair and the Vice-Chair, it is my duty to call upon you to elect an Acting Chair. Are there any nominations? Mr. O'Toole.

**Mr. John O'Toole:** I nominate my colleague the member from Burlington for the position of Chair—Ms. Savoline.

**The Clerk of the Committee (Ms. Sylwia Przewdziecki):** Ms. Savoline, do you accept the nomination?

**Mrs. Joyce Savoline:** I accept.

**The Clerk of the Committee (Ms. Sylwia Przewdziecki):** Are there any further nominations? In that case, Ms. Savoline, could you please take the chair?

**Mrs. Joyce Savoline:** It's always awful when no one else wants the job.

## MINISTRY OF REVENUE

**The Acting Chair (Mrs. Joyce Savoline):** Good afternoon, everybody. We're here to resume the consideration of the estimates of the Ministry of Revenue, vote 3201. There is a total of four hours and 28 minutes remaining. When the committee adjourned, the official opposition had 12 minutes left in its 20-minute rotation, so I now recognize—

**Mr. John O'Toole:** The member from Durham.

**The Acting Chair (Mrs. Joyce Savoline):** Member from Durham, you have 12 minutes.

**Mr. John O'Toole:** I'll share my time right after I get on the record here. I'm happy to say that the member from Nepean—Carleton is here and has carried out a diligent series of questions with respect to the minister. It's my impression that she has not received adequate responses, and she will insist and keep the pressure on to get to the truth of these hearings on the Ministry of Revenue.

With that, my colleague is well positioned and well informed, and I'll leave.

**The Acting Chair (Mrs. Joyce Savoline):** I recognize the member from Nepean—Carleton.

**Ms. Lisa MacLeod:** Thank you very much, Chair. As you'll recognize, my colleague from Durham could be a great hockey player; he does know how to rag the puck.

**Mr. Bob Delaney:** Your colleague from Durham is a great hockey player. I play behind him.

**Ms. Lisa MacLeod:** He's good, and I appreciate it. I also appreciate—I'm going to split my time with our critic for energy because, as you know, Chair, and as the minister knows, many of my questions have been around the energy file and what the HST on hydro will cost the people and the taxpayers of Ontario.

Yesterday, I asked a series of questions with respect to the impact of the HST on hydro bills, and I'd like to ask again today, now that we've had 24 hours and an ability for your team to go back and consult the numbers. Have you been able to identify at this point in time what the HST on hydro bills is going to generate? If you don't know, why not?

**Hon. Sophia Aggelonitis:** It's good to see the member back, and thank you very much for the question.

Ms. MacLeod, yesterday both the deputy and I did respond to your question. The response was that the Ministry of Finance is responsible for financial reporting, estimates and forecasts. Our estimates here today outline what the Ministry of Revenue is responsible for. Some of those items are auditing services, collections, tax administration and client services. Those are the main responsibilities of the Ministry of Revenue.

**Ms. Lisa MacLeod:** Okay, but it's not a hard question. The reality is, Chair, I've asked several times. It's not a difficult question.

Yesterday, we learned what we had expected: that the Minister of Revenue administers the Ministry of Revenue, and they also collect revenue from the taxpayers. I'm simply asking a question: How much—surely they count there—revenue would they have collected from hydro, and how much revenue did they anticipate collecting based on the HST on hydro bills?

I think Ontarians who are watching this from home and who observe our proceedings on a day-to-day basis who care about the province would expect the minister to know. How hard is it? How much HST did you collect?

You do collect the money, right? You do collect the revenue?

**Hon. Sophia Aggelonitis:** Correct. We do collect revenue. We do also accept the flow-through from the federal government when money comes into our province.

When you talk about electricity prices and the HST, I think it's important to note that the full comprehensive tax package is really about transitioning to a cleaner electricity system. That's why—



**Ms. Lisa MacLeod:** But I'm not asking about the comprehensive tax package. I've been very clear and very consistent. I want to know what the HST is, Chair, on hydro. What did they project? What did they collect?

She has admitted that she is a tax collector. That's what the Ministry of Revenue does. This is not a hard question, and I don't appreciate receiving the runaround from the minister or the government on this particular issue. I'm asking a question about the amount of money collected on a specific item for the Ministry of Revenue, collected by the Ministry of Revenue, not by the Ministry of Finance. I don't know if they just collect money and then trust that Dwight Duncan's going to account for it all, but I suspect there must be some secure controls in the Ministry of Revenue. Would you not agree, Chair? I think that's the question I'm asking.

**The Acting Chair (Mrs. Joyce Savoline):** I will ask.

Is there a number that you can leave with the committee today that tells us about the amount of revenue that you collect on HST?

**Hon. Sophia Aggelonitis:** The Ministry of Revenue does collect taxes. We are a tax collector—

**Ms. Lisa MacLeod:** So how much money did you collect?

**Hon. Sophia Aggelonitis:** —and the Ministry of Finance is in charge of financial recording. I would recommend—

**Ms. Lisa MacLeod:** Chair, this is the question—

**The Acting Chair (Mrs. Joyce Savoline):** Just a sec. Let the minister finish.

**Hon. Sophia Aggelonitis:** I would just suggest—I do know that the Minister of Finance will be coming to this committee, so when we do have any questions about financial reporting, estimates or forecasts, the Ministry of Finance—that's their realm.

**Ms. Lisa MacLeod:** Okay, but here's the problem: We're being stonewalled, because I'm not asking the Ministry of Finance for the revenue that the Ministry of Revenue has collected. I'm asking the Ministry of Revenue to tell me how much money the Ministry of Revenue has collected. I have not received one single number, with the exception of flow charts and other projections from other ministries, and I'm asking her.

She's here today to defend her estimates in this committee room. It's a simple question: How much HST revenue did you receive from those hydro bills? You're here to defend your estimates.

**Hon. Sophia Aggelonitis:** I do appreciate that question, Ms. MacLeod. When we do talk about the estimates, the Ministry of Revenue—in fact, our projected estimates for 2011-12 were \$2.3 billion in operating costs. It's a change of \$1.8 billion from last fiscal, which was just over \$4 billion. That change has a lot to do with the transition benefits that we received from the Canadian government.

But when it comes to the specifics that you're looking for, the Ministry of Finance is in charge of financial reporting as well as estimates and forecasts.

**Ms. Lisa MacLeod:** Okay. I'm going to cede the floor to my colleague, but I still—I want this on the record. I'm extremely disappointed that the Ministry of Revenue will not share with this committee the revenue it has collected—what that number is. That is her job; she is responsible to this Legislature. That's information that I expect, and I don't appreciate being stonewalled.

**The Acting Chair (Mrs. Joyce Savoline):** Mr. Yakabuski?

**Mr. John Yakabuski:** Thank you, Minister, for joining us today. I'm basically going to ask you the same question in a different way.

You've indicated that the Ministry of Revenue collects taxes. Do you hand them over to the Minister of Finance without counting them?

**Hon. Sophia Aggelonitis:** What I can tell you is that the Ministry of Finance, which is responsible for financial reporting, reports on our finances through—

**Mr. John Yakabuski:** Does the Ministry of Revenue count the money it collects? It's not like a Brinks driver, is it? It just doesn't go pick it up and then drop it off somewhere else.

**Ms. Lisa MacLeod:** I used Robin Hood yesterday.

**Mr. John Yakabuski:** Robin Hood. So you're—

**Hon. Sophia Aggelonitis:** Mr. Yakabuski, I want to respond to your question. The Ministry of Finance for the province of Ontario is in charge of financial reporting, estimates and forecasts. The Ministry of Revenue—

**Mr. John Yakabuski:** Understood.

**Hon. Sophia Aggelonitis:** —audits, collects—

**Mr. John Yakabuski:** Collects.

**Hon. Sophia Aggelonitis:** Yes.

**Mr. John Yakabuski:** Counts?

**Hon. Sophia Aggelonitis:** Collects.

**Mr. John Yakabuski:** Does it not count?

So if the Ministry of Revenue can't tell me how much tax it collected on the hydro bills, the HST, does it just pick up a closed suitcase and drop off a closed suitcase? At some point, somebody must know what they're collecting, and somebody must sign off and say, "I handed over X number of dollars to this ministry," or whatever. You collect money. You pass it on. You must count it. Therefore, you must know how much you collected. The question we want to know is how much HST you collected off the hydro bills.

**Hon. Sophia Aggelonitis:** Thank you, Mr. Yakabuski, for that.

**Mr. John Yakabuski:** So you can tell me that; I'm quite certain you can.

**Hon. Sophia Aggelonitis:** And I would be very happy to say exactly—in my previous response—the Ministry of Finance for the province of Ontario makes sure that we have set out budgets and that we have set out reports. In fact, we have a financial statement in the fall. The Ministry of Finance reports quarterly on the province's finances, and that is the role of the Ministry of Finance, which is coming to this committee.

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**Mr. John Yakabuski:** Right, but you must sign off what you're handing over.

If we were in the court of law, Chair, I would probably be saying to you now, "Permission to treat the witness as hostile?" However, we're not in a court of law; we're in the estimates committee. But there is a reasonable expectation on the part of members of this committee, based on convention and tradition in this Legislature, that when a minister comes before the committee on estimates, they will provide the answers. Are you under orders not to answer that question?

**Hon. Sophia Aggelonitis:** Mr. Yakabuski, the estimates for revenue—you've been provided with that. I would like to repeat that our ministry—

**Mr. John Yakabuski:** But you can break them down.

**Hon. Sophia Aggelonitis:** What we've reported in our estimates this year is \$2.3 billion in operating costs. That is a change from last year of \$1.8 billion. The Ministry of Revenue: It is our job to audit and collect tax administration, client services, but when it comes to financial reporting, that is in the realm of the Ministry of Finance.

**Mr. John Yakabuski:** When is the Ministry of Finance coming before this committee?

**Hon. Sophia Aggelonitis:** I would have to ask—

**Mr. John Yakabuski:** Exactly. Not before this House rises and this Legislature recesses or is shut down until the next election. But even if it did, I'm sure that we would get exactly the same kind of answer if we asked. This seems to be, as my colleague says, the stonewalling approach on the part of the government, that they don't want to reveal just how much revenue they're collecting from that HST and hydro bills.

**The Acting Chair (Mrs. Joyce Savoline):** You have about one minute.

**Mr. John Yakabuski:** We think that people have the right in the province of Ontario to know that.

I'm going to turn it over to my colleague, who is the critic for this ministry, and allow her to finish.

**Ms. Lisa MacLeod:** Again, I thank my colleague, who's our energy critic.

This is a big concern. We're simply asking for numbers. No one at home watching this, who is concerned about these issues, believes for one moment that the revenue ministry in Ontario collects money and just hands it over in big sacks to the finance department. This is simply unbelievable. I would urge you, in our next round, to actually, finally, give us a number, even if you have to call your colleague the Minister of Finance for his permission.

**The Acting Chair (Mrs. Joyce Savoline):** Mr. Tabuns.

**Mr. Peter Tabuns:** Minister, I understand that you have some answers for me from yesterday's questions.

**Mr. John Yakabuski:** Well, aren't you lucky? We don't get them.

**Mr. Peter Tabuns:** It's a question of good looks; that's all.

**Hon. Sophia Aggelonitis:** Thank you, Mr. Tabuns. I'll ask my deputy to—

**Mr. Steve Orsini:** You had asked yesterday how much the value of the Ontario clean energy benefit—whether it

was off the rate base or the tax base. I had mentioned that the costing of that was in the budget. We didn't have the page number, so it's page 228, and I could provide you a copy of that.

**Mr. John Yakabuski:** It's a document from the Minister of Finance.

**Mr. Steve Orsini:** It is the 2011 Ontario budget, and it is a product of the Ministry of Finance.

**Mr. Peter Tabuns:** Okay, and since I didn't bring the budget, can you tell me what the annual figure is?

**Mr. Steve Orsini:** For a partial year, 2010-11, it's \$300 million. The plan—it's an estimate, going forward—for 2011-12 is \$1.135 billion.

**Mr. Peter Tabuns:** Okay, thank you. I had asked yesterday if you could tell us the total cost of the benefit over five years and then the cost with the interest worked in. I appreciate the fact that you've identified that cost for me. Will you still be able to provide me with the total cost of this initiative?

**Hon. Sophia Aggelonitis:** That would be the Ministry of Finance.

**Mr. Peter Tabuns:** Okay. Were there any other answers that you had for me from yesterday?

**Hon. Sophia Aggelonitis:** Not from yesterday, no.

**Mr. Peter Tabuns:** Okay. In your results-based briefing book, you have a section on bad debts. On page 49 of 71: Can you give me an understanding of why the bad debt expense has gone from \$440 million to \$41 million?

**Hon. Sophia Aggelonitis:** Yes, of course, Mr. Tabuns. I will ask the deputy to give you the specifics on why.

**Mr. Steve Orsini:** The decline is due to the acceleration of dealing with bad debts because of the wind-down of the RST. If you look at 2009-10 on page 49 of 71, that's really the high-water mark because of the acceleration of dealing with bad debts arising from the old sales tax system. As we deal with those accounts and clean up the backlog of accounts in the system, that number has come down significantly, but it reflects higher than normal because of the wind-down of the RST. The idea is not to have these accounts around for an extraordinary length of time, because the idea is that some businesses need to know what their final tax owing is, how many are accounts receivable and how many are bad debts going forward. The idea was to accelerate that as part of the RST wind up.

**Mr. Peter Tabuns:** I may or may not understand it; I'll try. As the RST was being wound up, you had a lot of debts on the books. You decided that rather than have those debts carry over, you would expense them all in one peak period.

**Mr. Steve Orsini:** There are accounting rules for when you would treat something as a bad debt. And it goes through a whole series of the auditing, the collections, the time, accounts receivable. If a company is no longer in operation and there are no assets, these debts over time trigger into the category of a bad debt. Part of the RST wind-down, and again, it's based on accounting



principles, is: When do you view it as a bad debt? If it meets all these criteria, then it's brought forward as such.

**Mr. Peter Tabuns:** So you had a very large amount of uncollected sales tax on the books at that point that you wrote off.

**Mr. Steve Orsini:** For 2009-10, there was a consideration of bringing those forward after an exhaustive review of all our outstanding accounts receivable.

**Mr. Peter Tabuns:** On an annual basis, \$41.9 million is the regular amount that we write off on bad debts?

**Mr. Steve Orsini:** It is more in line with our tax system, which no longer has the sales tax in our bailiwick. Any accounts receivable bad debts, under the HST, are now the responsibility of the federal government.

**Mr. Peter Tabuns:** How does the remittance system work? Let's say somebody owes \$10 in HST from their operation. They are billed by the federal government and if they pay \$5, not \$10, the federal government still gives us \$10, or do they pay the \$5 and they simply put \$5 on their bad-debt books?

**Mr. Steve Orsini:** I might have to follow up with a more detailed response. It depends on the tax base. For personal income tax and corporate income tax, the federal government pays us on an assessment basis. They look at what is assessed in terms of tax owing, and we're paid on that amount. If there are amounts not collected—accounts receivable bad debts or interest and penalties—the federal government takes responsibility for both of those, and they pay us on an assessment basis based on an agreed-upon payment schedule for both personal income tax and corporate income tax. The federal government manages accounts receivable interest and penalties as part of their internal offsets.

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On sales tax, there's the comprehensive integrated tax coordination agreement. It lists a formula based on how the province is paid HST. It's based on a formula that is generated to the amount of remittances that the province would get. That's the basis of the payment under the HST. It's based on a formula.

**Mr. Peter Tabuns:** Okay. Just so I understand it, this is not just retail sales tax or HST bad debt. This is corporate income tax and personal income tax bad debt as well?

**Mr. Steve Orsini:** These here—and I want to be really clear—they're accrued. Just to be clear, for 2009-2010, that \$440 million is the amount of the bad debt that we're accruing at that point in time that would likely be eventually written off. Once you make a decision to wind down the RST, your accounting treatment gets kicked in when you make that decision. All those bad debts that would be accruing over time, you're reporting at the time you make that key decision.

**Mr. Peter Tabuns:** Right.

**Mr. Steve Orsini:** The bad debts would now, in the future, relate to the taxes, the 12 tax statutes that the Ministry of Revenue directly collects from taxpayers.

**Mr. Peter Tabuns:** So this has nothing to do with personal and corporate income taxes?

**Mr. Steve Orsini:** No.

**Mr. Peter Tabuns:** This is the other taxes that you, as an organization, collect on behalf of the government of Ontario.

**Mr. Steve Orsini:** The land transfer tax, the fuel tax, tobacco tax—the 12 tax statutes that the Ministry of Revenue is directly responsible for collecting.

**Mr. Peter Tabuns:** So annually, it's about \$42 million that you expense as bad debts.

**Mr. Steve Orsini:** That we are accruing in that period of time.

**Mr. Peter Tabuns:** Right.

**Mr. Steve Orsini:** We're reporting—actually, when it's written off, again, that's an accounting issue that we don't comment on. It's really what we're accruing in that year as a bad debt.

**Mr. Peter Tabuns:** Can you tell me, then, in any given year, the total loss that we're taking?

**Mr. Steve Orsini:** We can maybe go back in time and show the historical. I don't know what it would be in a steady state, because we have a different tax system now. But we could endeavour to show you what it has been year over year so you get a sense of the ebbs and flows depending on the state of the economy and depending on the tax system in place at the time.

**Mr. Peter Tabuns:** Can you tell us, as a percentage of the total tax you collect, how much every year you expect to not collect?

**Mr. Steve Orsini:** We could come back to you on a number of indicators. It would be the amount that we're accruing as bad debt, the actual amount that's written off, as a per cent of what the government reports in budgets in terms of total revenue. That's something we wouldn't be able to respond on today, but we could come back with it.

**Mr. Peter Tabuns:** I would appreciate that. Can you tell us, what are the two or three largest causes of bad-debt expense? Bankruptcy, fraud, bad record-keeping—what is it that gives us these losses?

**Mr. Steve Orsini:** We can endeavour as to whether—how we break it down, that's something we could follow up on.

We do publish the amounts that are written off in public accounts. What we could do is pull that together for you. It makes it a lot easier for you to try to compare numbers.

**Mr. Peter Tabuns:** Okay, that would be fine.

Can you tell me about your work on contraband tobacco with First Nations? I asked yesterday, and you told me about the work that you had done with First Nations to set up a system for identifying who has the licences to sell tobacco and who doesn't so you have some greater controls. Have you met with First Nations in the last few months to discuss the act that's coming forward, and do you have a target in terms of reducing the amount of illegal or contraband tobacco that will come out of your efforts?

**Hon. Sophia Aggelonitis:** That's a great question. Thank you, Mr. Tabuns. The proposed piece of legislation

regarding contraband is called the Supporting Smoke-Free Ontario by Reducing Contraband Tobacco Act, 2011.

We take contraband tobacco very seriously. One of the things we did prior to this proposed legislation was, we collected—in fact, seized—150 illegal cigarettes. We have increased—

**Mr. Peter Tabuns:** More than 150.

**Hon. Sophia Aggelonitis:** Million. Did I not say “million”? One hundred and fifty million illegal cigarettes. We have also increased the conviction rate of 44%. The purpose of this proposed legislation is to—we want to get contraband tobacco out of the hands of children; unfortunately, kids are using their lunch money to buy contraband tobacco.

Our relationship with First Nations is a relationship that is collaborative. It is also a relationship that we have been working on for a long time through the Ministry of Aboriginal Affairs, as well as people who work in the Ministry of Revenue. We want to make sure that this is an open, collaborative process, because I think at the end of the day, it's all about the youth. I know that they're very interested in working with us.

As far as specifics, if the deputy has anything to add to that?

**Mr. Steve Orsini:** There's been a number of meetings over the past several months and longer on a number of different issues, including the point-of-sale exemption under the HST for First Nations on tobacco, on the retail agreements we talked about yesterday.

Some of the things that the ministry doesn't have the authority on is to share certain information and to enter into an agreement. That has been a bit of a barrier to broader engagement on ideas or solutions that may come forward.

There's a strong willingness to engage further. That's why the minister brought forward Bill 186: to include provisions in there that would give the government the ability to now share information and enter into agreements on areas relating to tobacco on-reserve.

I think that will create a new platform or foundation to continue those discussions, but in a more comprehensive way than we've been able to do to date.

**Mr. Peter Tabuns:** Have you done calculations as to the revenue loss that arises from contraband tobacco sales now and the amount of revenue you expect to recover through your action against contraband tobacco?

**Mr. Steve Orsini:** We ourselves do not estimate the amount. The Auditor General, in a value-for-money audit in 2008, did provide an estimate. The Auditor General did an update in fall of last year, identifying the significant steps that the ministry has done in moving forward with mechanisms to enhance compliance and enforcement.

We know from the Ministry of Finance reporting of tobacco tax revenue that we have shown an improvement in the revenue coming in from the tobacco tax. I don't have those numbers available to me, but that is in the public record through the Ministry of Finance and through the budget itself.

**Mr. Peter Tabuns:** What I'm trying to understand is, you're engaged in a project with a piece of legislation and your discussions with First Nations. I've heard a number of times a number of \$500 million in lost revenue because of contraband tobacco. How will you know when you have been successful, and what do you define numerically as success?

**Hon. Sophia Aggelonitis:** I would say that the way we define success is a lesser amount of people smoking, especially children. That would be the biggest success that we could find.

**Mr. Peter Tabuns:** So are we talking about a 1% reduction or a 5% reduction or a 50% reduction? What is your target?

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**Hon. Sophia Aggelonitis:** Deputy?

**Mr. Steve Orsini:** Our objective in our estimates, in terms of ensuring compliance—I think the ministry's efforts will continue, to ensure we get full compliance, and we will continue to look at our processes, how we audit, how we collect, how we investigate, the inspections that the ministry conducts through our special investigations branch to ensure that we continue to take steps to ensure full compliance.

Our objective is to move forward as effectively and quickly as we can, knowing it's a highly complex issue involving different levels of government, working with the federal government, which plays a crucial role in a number of different capacities, working with the province of Quebec, and New York state on the other side of the border. These are key issues that are highly complex and involve a number of different levels of government, and we will continue to work on them until we're satisfied that we continue to get up to full compliance.

**The Acting Chair (Mrs. Joyce Savoline):** Mr. Tabuns, you have one and a half minutes left.

**Mr. Peter Tabuns:** Thank you.

Since I know that there are debts that you don't collect—there are people who will evade taxes; you'll never get 100%—what are you setting as the threshold for success in this effort? Because simply telling me that you're going to make the effort—I appreciate the ultimate goal, but for the public to understand whether you've been successful or not successful, the numbers help a lot. Numerically, what is your goal?

**Mr. Steve Orsini:** We have been tracking. We keep a number of performance measures in terms of our ability to provide benefits and meet certain targets. As the minister mentioned, we track the amount of seized illegal tobacco in the marketplace. It is a very difficult—to know a target, you've got to have two key numbers: the numerator and denominator. The denominator is very complex; it's one on which you'll get different estimates.

Our objective is to continue to make significant progress on reducing the availability of contraband tobacco. It's starting to show results in terms of what the Ministry of Finance reports, and the budget, in terms of our revenue. The amount that we've seized has gone up; our convictions have gone up. That denominator is what we



don't have. What we're tracking is the numerator, which is the results that we've been able to generate. The more we can generate those results, the more confident we are that we're reducing the availability of contraband tobacco.

**Mr. Peter Tabuns:** I'll come back to it.

**The Acting Chair (Mrs. Joyce Savoline):** Thank you, Mr. Tabuns. The rotation now goes to the government members. Mr. McNeely?

**Mr. Phil McNeely:** Thank you, Minister, for being here today in front of this committee. It appeared to me that the opposition representative yesterday did not want the facts on the record, and I refer specifically to table 2, "Average Annual (Saving)/Cost by Household Income"—

**Ms. Lisa MacLeod:** Point of order, Chair.

**Mr. John Yakabuski:** Are you making a speech or asking a question?

**Ms. Lisa MacLeod:** Point of order, Chair.

**The Acting Chair (Mrs. Joyce Savoline):** Ms. MacLeod?

**Ms. Lisa MacLeod:** I just want to clarify: I don't mind if people put the facts in. They just didn't answer my questions at all, and that's why I was very concerned with what was displayed yesterday. It's unfortunate you weren't here, nor was that member.

**Mr. Phil McNeely:** I don't think it's a point of order, Chair.

**The Acting Chair (Mrs. Joyce Savoline):** Thank you. Carry on.

**Mr. Phil McNeely:** Thank you.

The table that I referred to is "Average Annual (Saving)/Cost by Household Income," page 251 of the document. It's table 2. I think it tells the whole story. That's why I think it's extremely important that it be on the record, so why was there opposition to putting that on the record? I think it's quite clear, the story on the tax reform package that we brought in in 2009; that table clearly says that it's ending up with the information that we predicted it would.

There's a confirmation by Michael Smart—I believe it's what you quoted—that the net impact of the reform for most families by the end of 2010 was, again, a very small loss in after-tax real income. It shows in that that right up to \$90,000 in household income, there's a gain under that tax reform package. One of the things we know, the people sitting around the table, is that on our first \$36,000 or \$37,000 of income we had a reduction of about \$360 or \$370. So for a family where there are two workers making that kind of money, it was a \$700-plus benefit, tax reduction. Tax reduction is not what is mentioned often in the context of this, but that was a major tax reduction in provincial income tax.

I'd just leave that there, because there was also mention of HST on food yesterday. We know there's no HST on food—

**Ms. Lisa MacLeod:** On a point of order, Chair: Yesterday, I mentioned a number of items that had gone up; I didn't mention that as a result of the HST. One was

a loaf of bread. Anybody that's actually gone to a grocery store and shopped for their children knows that the cost of a loaf of bread has increased for a variety of reasons. Food has gone up, but I was simply making a point that it is unaffordable to live in Dalton McGuinty's Ontario. I thought that would be relevant for the member from Ottawa—Orléans.

**The Acting Chair (Mrs. Joyce Savoline):** That was a clarification.

Mr. McNeely.

**Mr. Phil McNeely:** I think that was mentioned in terms of the HST. But one of the things should come down, because farmers buy equipment and that. There are many reasons that farmers' costs are going up, but should this tax reform package not decrease the costs of production of food just from the HST?

**Hon. Sophia Aggelonitis:** I thank you for bringing up this table. This table is a table that's in the 2011 Ontario budget on page 251. You're right: If you are making between \$150,000 and \$300,000 in year three, the HST will cost you a little. But in year one, in fact, you still see a savings of \$180.

When you mention about the business sector, specifically when we talk about farmers, I can tell you that yesterday I did speak about the sector and the business relief that different sectors will see with the HST, the corporate income tax cuts and the capital tax. When we speak about farmers, you can see on this chart, under agriculture, that they would, under the HST, save \$30 million, and on the corporate income tax they would save \$15 million, for a total net savings of \$45 million. That's pretty significant for our farmers.

**Mr. Phil McNeely:** So with all the impacts on food production, this tax reform package should have some reduction in costs. There are many other reasons that food prices are going up, and those are floods, crop failures, increased consumption, food crops used for energy. I would like to clear the picture, that when food prices are thrown out there—and they have been thrown out in the local press and on radio—I think it must be very clear that our tax reform package has provided cost savings for farmers, for food producers in Ontario, and given them an advantage to selling their foods outside the province. I think this just confirms that.

Since most family household incomes are below \$100,000, and you've just confirmed that, really there are reductions here and this whole tax reform package is not impacting negatively on household costs. It is a positive influence; there are savings. In year three, it's from \$260 if it's between \$4,000 and \$20,000; up to \$370 between \$20,000 and \$30,000; and at around \$90,000 it is getting very close to break even. This has been confirmed by an independent study late in 2010. I think you have that information there. So this is good news for families, because it's not only the fact that it's not costing families more—there's actual savings—but it's what we get out of it.

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It's important that the work that was done by Jack Mintz, who is an economist from the University of Cal-

gary—he's not known as other than a good economist. He has been before committees here before.

I'd just like to look at the big issues that are coming out of this. This is making us more competitive. That's extremely important. So how can we have people who are saying that we shouldn't be more competitive as a province, if it's not going to cost people any more unless they make big bucks? Why shouldn't we be saying that it's important to bring these tax reforms in? They've been pushed by different people for years. Governments have been gutless to make the change because it involves the word "tax," and it causes a problem.

Jack Mintz says that we will have an additional \$47 billion of investment in Ontario in the next 10 years. If we didn't do this, we wouldn't get that \$47 billion. It's going to increase the earning power of Ontarians by 10%, 9%, something like that. This is great. We're going to be more competitive on world markets because we'll be letting our industries produce better without that cascading tax and those costs that were transferred to our consumers as well.

I just go back to the reports: 590,000—it's sometimes quoted as 600,000—new jobs in the next 10 years. How can we have people against that?

The federal government, under Harper and under Flaherty—and we knew Flaherty from here—has given us \$4.3 billion that we've put out. It's difficult for business to adjust. It's difficult for people to adjust. That \$4.3 billion has gone out in our economy in a very rough time for Ontario. It's dollars that went into the economy. Are there 4.3 million families? It's probably something like that. We got \$1,000 per family from the federal government. Stephen Harper and his government, which passed the legislation for that \$4.3 billion, obviously support this. It's the right thing to do for Canada. It's the right thing to do for Ontario. This is good, positive stuff.

I think that Janet Ecker, who was a Conservative finance minister in Ontario, is for it. I heard that John Tory is for it. And yesterday you had a list of people saying it was the right thing to do. You had a list that was quite lengthy.

It's not costing people, families, anything. They're even saving money. Businesses are going to be more competitive because of capital tax reductions, corporate income tax reductions, HST reductions. This is going to let us be a more prosperous province. So why do you think anyone would say that this is not the direction to go in?

It was probably the toughest decision our caucus made in seven years. Governments before could not make that decision because they weren't looking out enough for the public interest, knowing that they were going to take a lot of flak over it.

When you have the federal government supporting it, when you have the people not having increased taxes, when you have corporations that are going to be more competitive, why do you think we're having so much difficulty with the questions that we're getting here from the opposition?

**Hon. Sophia Aggelonitis:** Thank you very much for that question. I wouldn't be able to answer why. That would be something the opposition would have to tell us.

What I can tell you is that there have been a number of supporters for the comprehensive tax package, specifically the HST. I would like to read into the record, if I may, some very significant players on the national scale.

This is their view: "I have long said provincial sales tax harmonization is the single most important step provinces with retail sales taxes could take to improve the competitiveness of Canadian businesses. The federal government is willing to work with all ... provinces ... to facilitate the transition to a harmonized tax." That was said by Jim Flaherty, Canada's finance minister, in the *Globe and Mail* in January 2009. I will tell you that the federal government has been very helpful—and you're right: There's somebody whose opinion really matters, and that's what he said.

Another quote that I'd like to read into the record: On March 24, 2009, Bob Runciman, who's now a senator in—

**Mr. Phil McNeely:** He's a senator.

**Hon. Sophia Aggelonitis:** Yes, he's a wonderful senator. He said, "I think, in theory ... our party is supportive of ... harmonization."

Then we spoke to Frank Klees, a wonderful MPP, who said on May 21, 2009, "No one can argue with wanting a more simplified tax process. I think we all support that."

So Mr. McNeely, I agree with you. There's a lot of great support out there, coming from all levels of governments nationally. I'm glad you gave me the opportunity to read it into the record.

When you do speak about the federal government, they have been helpful. If I can read into the record from the 2010 fiscal review, on page 162, it states:

"The federal government has played a crucial role in supporting Ontario's move to a harmonized sales tax system. To encourage provinces to harmonize with the goods and services tax (GST), the federal government has provided very generous incentives, such as:

—providing Ontario with \$4.3 billion in transitional support;

—assuming all Canada Revenue Agency information system costs in administering Ontario's portion of the HST;

—agreeing to administer the HST for no charge; and

—agreeing to make comparable job offers to all Ontario public service employees affected by harmonization, reducing the number of positions by 1,253.

"Federal administration of Ontario's HST will save the province approximately \$100 million annually in compensation and overhead by 2014-15."

Those are just some of the ways that the government has been very supportive when it comes to the HST. Thank you for letting me read that into the record.

**Mr. Phil McNeely:** Thank you for that information. We've heard it before. I was in business for 35 years, and just the simplification of the one tax return would have been a boon. I think it was a \$500-million estimate of



what the savings would be for businesses on an annual basis. I just feel that, as a member of provincial Parliament here in Ontario, if you have the interests of the province of Ontario as your prime responsibility, you must support this. From my business background, I would say that.

I thank you. I don't have any other questions.

**Hon. Sophia Aggelonitis:** I could just follow up on some of your comments. When you talk about business, there were a number of businesses—just last month, in fact, in April—that have been created. Christie Digital Systems Canada in Kitchener is creating 50 new jobs and supporting 53 existing positions by developing new digital projection technologies. Another good story is Warren Industries Ltd. in Concord. It's an auto parts manufacturer. It's creating 66 and protecting 20 existing positions. Digital Extremes in London—and this is just in this past April—is developing a 3-D evolution game engine, creating 30 jobs and protecting 53 existing jobs. Pratt and Whitney Canada in Mississauga—it's a world-renowned leader in the aerospace industry—is creating 80 new jobs in Mississauga. Sungrow Canada, which is in Vaughan, is creating 50 new jobs and establishing Vaughan as its North American headquarters, which is great news. Kellogg Canada in Belleville is creating 40 new jobs, as it plans to add a new cereal production line in Belleville. Eagle Feather Air Inc. in Sault Ste. Marie is creating up to five new jobs. Protenergy Natural Foods in Richmond Hill is creating 60 good, high-skill jobs by investing in a new processing and packaging technologies company. Horizon Plastics International in Cobourg is creating up to 350 jobs. Silfab Ontario Inc. in Mississauga, a new solar manufacturing plant, is creating 71 new jobs in Mississauga and will employ up to 200 people once in full capacity.

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Then we have some other jobs a little prior to April, and those are these. Max Aicher from Hamilton, Ontario—a great city—is creating 300 new, good jobs. L-3 Wescam of Burlington is expanding, and they will be creating 375 jobs. Sandvine of Waterloo is developing network solutions, and they're creating 75 jobs. The Ford Essex plant, the engine plant in Windsor, is implementing—

**Ms. Lisa MacLeod:** Point of order, Chair.

**The Acting Chair (Mrs. Joyce Savoline):** Excuse me for a minute, Minister.

**Ms. Lisa MacLeod:** The point of order I'd like to have addressed is, previously the minister told us that she couldn't speak about Ministry of Finance projections because it wasn't her ministry. Now she's talking about economic development numbers, so I think that should be ruled out of order. If she's not willing to give us information on the questions we've asked about revenue being collected, why is she now talking about another ministry's numbers?

**Mr. Kim Craitor:** It's in the public domain.

**Mr. Phil McNeely:** Madam Chair, I believe this information is being presented to show that the compre-

hensive tax package is working, and jobs are being created. I think that's all pertinent.

I'd just like to have my time back that this member has taken.

**Mr. John Yakabuski:** It's got nothing to do with estimates, Chair. If they want to make a political speech, they can do that, but not in estimates.

**Mr. Bob Delaney:** We can use our 20 minutes any way we want, John.

**Mr. John Yakabuski:** Rent a podium if you want.

**The Acting Chair (Mrs. Joyce Savoline):** I'm going to rule that the minister can continue, Ms. MacLeod, because I think what it's in response to is Mr. McNeely's point that the HST has made room for jobs to expand in the province because of savings to corporations. I'm going to allow it to continue.

**Mr. John Yakabuski:** There's no correlation whatsoever, Madam Chair—none whatsoever.

**The Acting Chair (Mrs. Joyce Savoline):** I've made the ruling.

**Hon. Sophia Aggelonitis:** Thank you, Chair. I forgot where I left off, so I'll just start from the top.

**The Acting Chair (Mrs. Joyce Savoline):** You have 25 seconds.

**Hon. Sophia Aggelonitis:** Max Aicher in Hamilton is creating 300 new, good jobs, and that's, of course, in Hamilton, Ontario. L-3 Wescam of Burlington is expanding the next generation of aerospace systems and creating 375 jobs. OpenText in Waterloo, Richmond Hill and Ottawa is developing new, innovative digital media products while creating 400 new and good jobs.

**The Acting Chair (Mrs. Joyce Savoline):** And we'll stop there.

**Hon. Sophia Aggelonitis:** Okay.

**The Acting Chair (Mrs. Joyce Savoline):** The rotation now has gone to the official opposition. Ms. MacLeod or Mr. Yakabuski.

**Mr. John Yakabuski:** Minister, you were talking in your answers—first of all, I want to go to your comments on Minister Flaherty. Did you mention Senator Runciman as well? Anyway, I believe it was Senator Runciman.

**Hon. Sophia Aggelonitis:** Yes, I did—March 24, 2009.

**Mr. John Yakabuski:** Yes. You were talking about your little snippet of something they may have said. Anywhere in that quote, did Minister Flaherty ever say that he supported—or Senator Runciman—the McGuinty government's greedy extension of that tax to such essentials that seniors and families have no choice but to pay for, no choice but to purchase; to extend that greedy tax grab to gasoline—

**Mr. Kim Craitor:** They voted for it.

**Mr. John Yakabuski:** No, they never voted for anything.

**The Acting Chair (Mrs. Joyce Savoline):** Order.

**Mr. John Yakabuski:** To gasoline, to hydro, to home heating—the member from Niagara Falls doesn't know what he's talking about. They didn't separate—they didn't tell the Ontario government what to extend the tax

to. They gave the Ontario government the legislative authority to bring in an HST.

In anywhere in those quotes that you want to trot out did Minister Flaherty say that he supported that extension or did Senator Runciman say that he supported that extension of that greedy tax grab to those essential commodities?

**Hon. Sophia Aggelonitis:** Thank you, Mr. Yakabuski, for your comment.

**Mr. John Yakabuski:** No, that's a question.

**Hon. Sophia Aggelonitis:** Oh, it's a question? Well, let me answer your question, Mr. Yakabuski.

**Mr. John Yakabuski:** It's a simple yes or no.

**Hon. Sophia Aggelonitis:** I'd like to ask the deputy minister to confirm it, but I'm pretty sure it was our Minister of Finance for Canada who signed the agreement for us to move forward. Deputy?

**Mr. John Yakabuski:** That's not the question. We know they signed the agreement. We know they signed the CITC agreement. We know they passed enabling legislation. It had to be done. The question is: Anywhere in your quotes that you're trotting out there did Minister Flaherty or did Senator Runciman say they supported the extension of this greedy tax grab to hydro, home heating or gasoline?

**Mr. Yasir Naqvi:** It's called the excise tax.

**Mr. John Yakabuski:** The excise tax is already on. The member from Ottawa Centre should know what he's talking about. The excise tax is already on them.

**Hon. Sophia Aggelonitis:** I would like to respond to your question, Mr. Yakabuski, and I would like to read again in the record exactly what the quote from Minister Flaherty is—

**Mr. John Yakabuski:** No, I don't want to hear the quote again.

**Hon. Sophia Aggelonitis:** You don't?

**Mr. John Yakabuski:** No. I want to hear: Did they say anything? If there's nothing new, then I would take the answer as being no. Thank you for that confirmation.

**Hon. Sophia Aggelonitis:** I would like to respond—

**Mr. John Yakabuski:** No. I appreciate it if—

**Hon. Sophia Aggelonitis:** I would like to respond, though, if you would let me.

**Mr. John Yakabuski:** The question is, yes or no.

**Hon. Sophia Aggelonitis:** I have a quote here from the Minister of Finance for the country of Canada. I think—

**Mr. John Yakabuski:** Are you reading the same quote you did before?

**Hon. Sophia Aggelonitis:** I think his opinion matters.

**Mr. John Yakabuski:** No. This is my time, and I don't appreciate that. Thank you. So the answer is no. That is, in fact, the key here, Madam Chair. When they want to trot out those quotes, they have to be completely honest in the way that they attribute words to the Minister of Finance for Canada or to a member of the Senate.

Now—

*Interjections.*

**Mr. John Yakabuski:** I'd watch your mouth on that one, buddy.

Just a minute: Madam Chair, I heard the member for Niagara Falls say that I don't know the word "honest." He's either going to withdraw that—

**Mr. Kim Craiton:** We just have a different definition. I have mine and you have yours, that's all.

**Mr. John Yakabuski:** No, that's not what you said, member. You accused me of not knowing the word "honest," so put up or shut up.

**The Acting Chair (Mrs. Joyce Savoline):** Excuse me. If you made that comment, Mr. Craiton, if you would withdraw it, we could continue with our proceedings.

**Mr. Kim Craiton:** With respect to the Chair, yes, I will withdraw.

*Interjection.*

**Mr. John Yakabuski:** What's that?

**The Acting Chair (Mrs. Joyce Savoline):** Let's not talk under our breath this afternoon. I know we're eating up time. We're going to keep going around in a circle. We've got important business for the public at hand and I'd really, really appreciate it if we could just stick to it. Please continue.

**Mr. John Yakabuski:** And there are issues that people want answers to.

Minister, when you were answering the questions from Mr. Tabuns from the NDP and he was talking about contraband cigarettes and you were speculating about what your new law may or may not accomplish, you were able to ascertain that you have seized 150 million cigarettes. That was the figure you gave. Who seizes the cigarettes?

**Hon. Sophia Aggelonitis:** The Ministry of Revenue, working with local police forces.

**Mr. John Yakabuski:** So police officers.

**Hon. Sophia Aggelonitis:** Deputy?

**Mr. Steve Orsini:** Yes.

**Hon. Sophia Aggelonitis:** Yes; correct.

**Mr. John Yakabuski:** So police officers seize the cigarettes. They, in turn, pass on either the contraband tobacco or the records or whatever to the Ministry of Revenue, and you're able to ascertain that you have seized 150 million cigarettes.

**Hon. Sophia Aggelonitis:** I'm hoping what I'm hearing from Mr. Yakabuski is that you are in support of smoke-free Ontario by reducing contraband tobacco.

**Mr. John Yakabuski:** That's not—it's a question. You're able to ascertain that you've seized 150 million cigarettes—that's what I'm asking.

**Hon. Sophia Aggelonitis:** The figure that I used is 150 million illegal cigarettes, taking them out of the hands of—yes.

**Mr. John Yakabuski:** I wasn't questioning your accuracy on that. My problem here is that you're able to count cigarettes but you can't count dollars, so when we ask you how much revenue you have received from the HST on hydro bills, you've no idea. You don't keep track of that. You've actually got somebody counting cigarettes in your ministry but not dollars.

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If you can't count the HST on hydro, can you tell me what you've collected on the HST in gasoline?



**Hon. Sophia Aggelonitis:** I'm happy to respond to Mr. Yakabuski. Your question in regard to the financial figures are—figures of financial reporting for the province of Ontario are under the purview of the Ministry of Finance. The Ministry of Finance does financial reporting, estimates and forecasts. The Ministry of Revenue is a tax auditor, collector, tax administration, client services—

**Mr. John Yakabuski:** And cigarette counter.

**Hon. Sophia Aggelonitis:** We really are trying extremely hard—because this is an important issue. Getting contraband tobacco out of the hands of our children is extremely important, and that's why we're proposing Bill 187.

**Mr. John Yakabuski:** We're not arguing that point. That's not a disputable point. You seem to be interested in counting the numbers of cigarettes but not in determining the amount of money you're collecting on the HST on hydro. Who counts the cigarettes?

**Hon. Sophia Aggelonitis:** I truly believe—

**Mr. John Yakabuski:** Are any of those people behind you counting cigarettes?

**Hon. Sophia Aggelonitis:** One hundred and fifty million illegal cigarettes: I know it's not a great amount but it's a good start, I think. I think we are doing a good job at that. I know that there are a lot of great investigators and inspectors out there working with police—

**Mr. John Yakabuski:** Can you estimate what the loss of revenue is as a result of those contraband cigarettes? That's just the ones you've seized.

**Hon. Sophia Aggelonitis:** The ones I've seized. To give you a more specific answer, I'll ask my deputy to speak.

**Mr. John Yakabuski:** Okay, I appreciate that.

**Mr. Steve Orsini:** There are a number of different—federal excise tax; there's the HST; there's the provincial tobacco tax. It really depends—for example, for the HST—on the final market value those cigarettes would have in the streets. We wouldn't have an estimate on what they could have sold for, but you could come up with a proxy. We wouldn't have that on hand, but that's something we could consider.

The issue around the cigarettes is, they're evidence for the courts. The evidence is tracked; it's part of court documentation. But we wouldn't be able to give you an estimate on the value of that because we don't know what it would be if they were sold to some consumer. So we wouldn't be able to give you that amount.

**Mr. John Yakabuski:** Okay, thank you. At least I appreciate the answer. I'm going to turn it to my colleague Ms. MacLeod.

**Ms. Lisa MacLeod:** Thanks very much. I think that's what's troubling here, and I appreciate the honesty of the deputy providing us that there is a number that they could base it on; it might not be completely and utterly accurate. At the same time, for us on our side, what we are questioning is: If you're able to count cigarettes and you're able to at least have an estimate, why can't we

receive that same type of projection and estimate for heat and hydro? That's, of course, the frustration.

I just wanted to ask you very quickly, Minister: What's the cost of running your land and marine fleet in Ontario?

**Hon. Sophia Aggelonitis:** Thank you very much for that. That is a specific, and I will ask the deputy minister to respond to that.

**Mr. Steve Orsini:** I don't think we would have that information on hand, but that would be one that, as part of our internal costing, we would control. We would have, I think, an estimate that we could bring forward as part of our response.

**Ms. Lisa MacLeod:** And what would the revenue be for that land and marine fleet that they would collect? Do you know?

**Mr. Steve Orsini:** I don't know whether or not that is tracked in terms of—you mean related to contraband tobacco or related to other activities?

**Ms. Lisa MacLeod:** You know what I'm just going to do because it's easier? I'm just going to rip the page out of the estimates and I'll just have my colleague pass it over to the minister of what the question was. It's right out of the book of the estimates. I think it sort of makes my point here, that we have a book on estimates and it's right there in clear bold what they spend and what they take in, and yet we're being stonewalled here on how much money they've been collecting on HST and hydro and what those projections are. It's getting very frustrating from our perspective to sit here as the official opposition to talk about revenue that they're collecting, that they are either not counting or they are not willing to tell us about.

Also in this estimates, it tells us that she has an operating budget in her agency of about \$2.3 billion. They couldn't read a sheet of paper out of these estimates, nor could they provide us with any of those estimates or projections. It might even be, if she's right, a call to the finance minister, and that hasn't been made in the 24 hours. So the question you have to have, then, is why do we even employ this ministry? Why are we even employing this minister? Couldn't \$2.3 billion go back into other government programs or provide some tax relief for others?

We've heard a few jokes in the last few days about people getting elected in Quebec. The reality here is, we've been asking diligently for two days for simple answers to simple questions that people have told us they want answers to, and what we get read into the record instead are charts, quotes that don't have the full story, and government-issued reports. Not once have we been given a number that could come from a calculator like that to tell us how much revenue she's collecting. She has told us time and time and time again that it's her department that not only administers the tax collection in this province, but they collect the taxes. We're supposed to believe that once that tax is collected, there's not one single report that goes to the Minister of Revenue in Ontario that tells us how much money that is, yet, by golly, she can tell us how many cigarettes the cops across Ontario are seizing.

I'm at a loss. My colleague and I might as well just talk for the next 10 minutes or so, whatever we've got left in time, because we're not getting an answer. We could do exactly what the member from Ottawa-Orléans did and just read things into the record without any context, without any basis of fact. The reality is, just because they think they can do it—

**Mr. Phil McNeely:** I object to that.

**Ms. Lisa MacLeod:** And I can tell you something, Chair—

**Mr. Phil McNeely:** On a point of order, Chair: That was factual information I gave in my time. I don't like somebody saying that it's not. I don't think it's proper in this committee.

**The Acting Chair (Mrs. Joyce Savoline):** Thank you for your comment.

Continue.

**Mr. John Yakabuski:** Chair, they were opinions being offered.

**Ms. Lisa MacLeod:** They're opinions being offered, and it had nothing to do with whatever had been said yesterday. I don't think—

**Mr. Phil McNeely:** The tax on food, I suppose, is an opinion, then?

**Ms. Lisa MacLeod:** Well, you see, the reality is, if I want to interpret what that member said, you know what I would say? That this Liberal government is actually suggesting that it has reduced taxes and that they've lowered the price of food. There's not one person in the province, with the exception of these five people sitting over there, who actually believes that. That's the reality.

**Mr. Bob Delaney:** Chair, what is a point of order is that the rules that apply in the House also apply here, that the members are free to ask whatever questions they wish to the ministry, or they may use their time to make a statement, but they cannot impute motive or make an allegation: standing orders 23(h) and 23(i).

**Ms. MacLeod** has said repeatedly that she has a job to do, and the ministry is here. If they choose to ask a question that is out of scope—

**Mr. John Yakabuski:** Chair, we've got some questions.

**Ms. Lisa MacLeod:** We'll get the opportunity some time.

**Mr. Bob Delaney:** —the ministry is free to inform them, but perhaps they'd like to go back to asking questions.

**Ms. Lisa MacLeod:** Perhaps I'll choose the way we spend our time in the official opposition—

**Mr. John Yakabuski:** As they said earlier.

**Ms. Lisa MacLeod:** —as they decided they would. In fact, I remember just yesterday, Chair—it's unfortunate that you weren't in the chair. However, had you been here, you would recognize that the parliamentary assistant actually spent 20 minutes—and everybody that's in the back over there, they remember it—20 minutes, and then he finally got to his question, I think, in the last two minutes.

The reality is, Chair, we have an opportunity in this committee to speak for an allotted period of time. In this case it's 20 minutes—

**Mr. John Yakabuski:** It's our only opportunity.

**Ms. Lisa MacLeod:** It's our opportunity to ask questions. We're not receiving the answers. I've asked, and I'm sure my friend from legislative research will tell you, close to 20, maybe 30, questions over the course of two days, to which I have not received—and by the way, I was asking for how much, like an actual count that could be used from a calculator. I've asked for specific numeric examples and received nothing, even in fact when they were in the book itself. Chair, I'm sure you've received a copy of this because it is this committee, but it's called *Expenditure and Estimates of the Ministry of Finance, 2011-12*, and she didn't even have an answer for that. It drives me crazy, because we're sitting here trying to get some answers. I've got two pages of questions that my staff and I worked hard on, full questions, every one of them asked diligently. There's a total of 30, plus several others that myself and my other colleagues have asked, and not once did we receive an answer.

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I'm going to read them all, because I have a right to do that, and I have a right to do it on behalf of the people I represent, who are asking why this government took an extra \$3.5 billion. And to the point from the member for Ottawa-Orléans, the reality is that HST, if they had done it and it was tax simplification, that's one thing, but when every other single province in this country either took the HST off home heating and hydro or took their provincial rate and lowered it by three or four points, as they did in Nova Scotia, New Brunswick and Newfoundland—then we would see an entirely different situation in Ontario. The reality is, they took that extra 8% on 20% of the other items, and it amounted to \$3.5 billion in a greedy, greedy tax grab. The reality is, that's why we oppose it and that's why we want to know:

How much HST have you collected to date? What are your projections for the first full year? How much HST does the average senior in Ontario pay? How much HST have you collected off tobacco, and including now, I guess, contraband tobacco, since we now know how many—151 million cigarettes is what we've received. How much HST have you collected off of gasoline? How much HST have you collected off of hydro bills? How much have hydro bills increased because of the HST alone? What item or product has increased the taxes collected by the most, thanks to the HST? How much was that amount collected since July 1, 2010? How much revenue will be generated from the HST on the increase in hydro rates that took effect earlier this week, on May 1? Why don't you know how much more you'll take in from Ontario families because of the latest hydro hike? And I can ask that now because she is refusing to give me that answer or she doesn't know. How many times have you adjusted the revenue you estimate you'll grab from Ontario families because of this increase to hydro bills since July 1 of last year?



And I can tell you—this question is the 12th question, and I'm going to continue to ask them. But the reason is, the people of this province have seen skyrocketing hydro rate increases. That has to account, especially when you're putting tax on that, for more revenues for this province. We need an answer to that for the people that we represent.

How much more revenue do you expect to collect from HST on hydro bills than you did when you first brought in the HST? I'd like to know, based on that comparison—I'd like to know what documents the ministry has to detail how much they've collected for the HST on hydro bills and where Ontario families can see those records. I'm sure the people of Nepean–Carleton would like to know where that is, and I'd like to know why the ministry has not released those records to the public.

I understand the time is up, and I still have about 15 more questions to go.

**The Chair (Mrs. Joyce Savoline):** On your next rotation.

The rotation now moves to the NDP. Mr. Tabuns.

**Mr. Peter Tabuns:** Well, welcome back.

The question that I had for the minister and deputy minister—I want to move on to other things, but I want to try again: How do you know whether you're successful or not if you don't have a sense of the scale of the market that's out there? You've seized 150 million cigarettes, and my guess is you haven't seized half of it. You may have seized 10% of it. I have a guess. There are people who are able to estimate the size of the illegal marijuana industry in British Columbia. It's one of their major economic pillars at this point. Do we not have any economists who, for the purposes of your planning, so that you can know whether you're having an impact or not, have done an assessment of the total value of contraband tobacco out there?

**Hon. Sophia Aggelonitis:** I will ask the deputy to comment, but what I think is really important, Mr. Tabuns, is that right now in Ontario, our raw-leaf tobacco farmers have a registration system, and we know how much raw leaf is out there. What we do not know is how much raw leaf comes from importers, because right now in the province of Ontario, you may have an importing licence, but we don't track raw leaf.

There is an assumption that a lot of that—the importers who are bringing in some raw leaf, we don't have any strategy to register that. That's a huge change for the province, and that's something that we're proposing in our new piece of legislation.

So when you asked me for that one number, I don't have a specific number. But we're trying to control the supply that's coming into our province, which in effect would help us define the amount that is out there.

One of the things that the deputy mentioned was—the other thing is 150 million illegal cigarettes. We don't know. We know that some people may sell it for \$6 for 200, or \$5 or \$20. We don't have that figure because it's activity that we do not know about. That's why this piece of legislation is so important.

**Mr. Peter Tabuns:** I don't know about the OPP, but the RCMP does do analysis of the value of street drugs. My guess is, they have a department that could do an analysis of the value of contraband tobacco. Until you have even their figure, their projection, we'll have no idea as to whether your efforts are of consequence or not.

I'm a bit surprised that you actually don't have a number that you can present to this committee, a number that would, even if it was ballpark—and it's going to be ballpark—give us some sense as to whether or not your activities were of consequence or not.

**Mr. Steve Orsini:** I think the minister captured the issue quite well. We don't have economists; we have lawyers, accountants, auditors and people who collect, and that's their focus: getting the next amount of contraband off the streets. I think that's our focus, and that's where we devote all our energies, into that area. Other organizations may have people who forecast and estimate. Our key competencies are in the areas of audit, collections, investigations, and working with the local police and others on issues around seizing illegal tobacco.

**Mr. Peter Tabuns:** I understand that's the way you function now. I'm a bit taken aback. It puts me in a position where I can say regularly that whatever you're doing is just a small slice of the larger picture. Anyone could credibly say that you are having no effect or that you are irrelevant. I would suggest to you that you try and get a handle, through police sources, on the actual scale of what's being dealt with here.

I'd like to move on to the public accounts 2009-10. When you collect revenue, when there are differences from one year to the next, do you do an analysis of why revenue is down or up?

**Mr. Steve Orsini:** What we do track is our collections, our audits, the dollars that we collect from our collections process, the amount that we audit—and we do have targets on audits. What we don't have is responsibility for forecasting the whole revenue stream, the total amount of revenue. By tax area, that is the Ministry of Finance.

A lot of our revenues are dependent on what's happening in the economy. We collect the employer health tax, but it's determined on payroll, the number of jobs, wages and the economy. We don't forecast; we don't estimate that. That's the Ministry of Finance.

We send out auditors to look at whether or not people are paying the employer health tax on the amount of payroll they should be paying it on, so we do track the amounts that we audit and the amounts that we collect. The total revenue stream in public accounts and in the budget forecasts is done through the Ministry of Finance, and for public accounts it's done in concert with the Auditor General of Ontario, who signs off on the financial statements for the province.

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**Mr. Peter Tabuns:** So how do you know if there's a piece of the economy that's outside your activities? I'll give you the thing that sparked my curiosity. Your answer raises questions for me. Personal income tax dropped \$2

billion from 2009 to 2010, so 10% of total personal income tax collected. The Ontario health premium dropped about \$100 million on \$4 billion, so much less than 10%; more like 3% or 4%. That's a big discrepancy. One was relatively steady and the other had a very substantial drop. Do you do an analysis when you see that discrepancy?

**Mr. Steve Orsini:** I think the Ministry of Finance would look at the underlying factors. We'd be guessing if it was due to capital losses in the personal income system, which, because of the soft market—the decline in 2008. But the Ministry of Finance, through their econometric modelling, would try to assess as to why. Is it less people working, is it less bonuses being paid because of the state of the economy back in 2008 and 2009? Was it significant capital losses? We have auditors and collectors. We don't look at those issues. Plus, personal income tax is collected by the federal government.

The Ministry of Finance tries to look at the underlying trends in the economy that might help to explain what happened in the past, because they need to look to the future in terms of what the revenue will look like in the next three or four years. It's part of the fiscal plan that's presented.

It's very complicated trying to estimate and understand all the variables that go into those estimates. There's a whole department in the Ministry of Finance: That's what they try to do as part of the budget process. The Ministry of Revenue is skilled in auditing and collections, special investigations and client services. Your inquiries are in an area that really falls out of our expertise and responsibilities.

**Mr. Peter Tabuns:** So you're essentially an assistant ministry to the Ministry of Finance.

**Mr. Steve Orsini:** We are a very important ministry. We administer tax statutes—

**Mr. Peter Tabuns:** No, I don't doubt that.

**Mr. Steve Orsini:** —and someone has to be there to ensure compliance. We're a specialized ministry looking at compliance. There are a lot of dedicated people who treat that as a very serious, responsible occupation.

**Mr. Peter Tabuns:** I should be clear in my remarks, then. I don't think you're unimportant; I think you're critical. I get a paycheque on a regular basis. I have great faith in you collecting that money in the future and I'm very pleased that you do. Many people depend on the work you do, so that there's a hospital bed when they need it.

Having said all that and being very clear that I value what you do, when I look at numbers, if I assign someone to collect, I generally expect that they will have a picture of the total universe or market that they're operating in so that they know, if they're not capturing that whole market, that there's something else that has to be done.

When I look at the mining profits tax, in 2009 there was \$72 million collected; in 2010, \$15 million collected. That's a big drop, in a world where commodity prices have gone up, where we provide commodities of consequence. That's a very substantial drop. I'm assuming

that has more to do with world forces than it does with you not monitoring it, but I don't quite understand why you don't actually follow the market or the universe you operate within and just focus on your task.

**Mr. Steve Orsini:** I would be remiss if we didn't say that we don't have very sophisticated technology of identifying risk-based audits. We have a dedicated team that looks at the configuration of companies, the type of sector they're in, the activities they're engaged in. They have very complex formulas to say, "Who are we going to audit next?" In fact, other ministries of the Ontario government are looking to Revenue to say, "Help us to figure out how to ensure better compliance." The questions you're asking for about are important but they stem from corporate profits and the value of the dollar, and those things are outside the Ministry of Revenue's purview. We want to do what we're responsible for well and as best as we can, at the lowest possible cost to the taxpayer. That's sort of what we're committed to doing. Others are responsible for other things.

**Mr. Peter Tabuns:** Okay. With that, I have no further questions.

**The Chair (Mrs. Joyce Savoline):** We can go to the rotation now and move to the government side for a few minutes before we adjourn—15 minutes.

**Mr. Yasir Naqvi:** Great. Thank you very much, Chair, for giving me the opportunity to ask the minister and the deputy a few questions. Thank you very much to both of you for being here today and talking about very complex issues around taxation and tax policy versus tax collection and enforcement. I think that's where a lot of the confusion is coming from.

I want to take the little bit of my time I have to focus on facts, because I think facts are very important. We can get into a lot of conversation and make claims and get political, but that takes away from facts. So let's just talk about facts for a bit.

I'm going to focus—start with, Minister—the whole issue around the harmonization of GST and PST, or now as we refer to as the HST. When did the harmonization take place? That's like going back to ABC.

**Hon. Sophia Aggelonitis:** You know that; you were part of it, and congratulations—July 1.

**Mr. Yasir Naqvi:** July 1 of?

**Hon. Sophia Aggelonitis:** Of 2010.

**Mr. Yasir Naqvi:** Of 2010?

**Hon. Sophia Aggelonitis:** Yes. And thank you for that, by the way, because I know you've done a great job.

**Mr. Yasir Naqvi:** Thanks. I have played a role in helping demystify sales tax policy, which is not the easiest thing.

So the harmonization of GST and PST took place on July 1, 2010. Can you please tell us what kind of system existed before the harmonization took place? Did we have sales tax in the province of Ontario?

**Hon. Sophia Aggelonitis:** It was an antiquated two-tax system. It was a system where you had the GST and you had the PST. Every time you made a purchase, there were two taxes on your bill. It was a system where, if you



were a business owner, you would have to send some money to the federal government and then send some money to the provincial government.

**Mr. Yasir Naqvi:** So we had two sales taxes before July 1, 2010. One was GST, which is a tax levied by the federal government?

**Hon. Sophia Aggelonitis:** Correct.

**Mr. Yasir Naqvi:** And we had the provincial sales tax or the retail sales tax, as we call it, which was levied by the provincial government. So we already had two sales taxes in the province of Ontario.

**Hon. Sophia Aggelonitis:** Which equalled 13%.

**Mr. Yasir Naqvi:** Which equalled 13%?

**Hon. Sophia Aggelonitis:** Correct.

**Mr. Yasir Naqvi:** What's the rate on the HST?

**Hon. Sophia Aggelonitis:** Thirteen per cent.

**Mr. Yasir Naqvi:** So what did we do, basically—we just combined the two together?

**Hon. Sophia Aggelonitis:** We combined the two together, yes.

**Mr. Yasir Naqvi:** Okay, thank you.

The GST, the federally imposed tax: What kind of things did that apply on?

**Hon. Sophia Aggelonitis:** The GST applies on a number of items, just like the PST applied on—if you went out for dinner, for example, and had dinner and a glass of wine, you would have to pay taxes on that. If you go out for dinner now, you still have to pay taxes. If you bought a car, you would have to pay taxes; if you buy a car today, you have to pay the same tax, 13%.

**Mr. Yasir Naqvi:** So if I went and bought some furniture before July 1, 2010, before the HST came into place, how much sales did I pay on the dining room table that I bought?

**Hon. Sophia Aggelonitis:** You would have paid 13% and then, after, you would pay 13% as well.

**Mr. Yasir Naqvi:** So there has been no change.

**Hon. Sophia Aggelonitis:** No.

**Mr. Yasir Naqvi:** What if I wanted to buy a television?

**Hon. Sophia Aggelonitis:** You would pay the GST and the PST. After July 1, you would pay the HST, which equals 13%.

**Mr. Yasir Naqvi:** Okay. What if I went to Tim Hortons and just got my—I usually get a tea biscuit and a small coffee; that's my routine at Tim Hortons. What kind of sales tax would I have paid before July 1, 2010?  
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**Hon. Sophia Aggelonitis:** If your bill was over \$4, you would be paying the tax—

**Mr. Yasir Naqvi:** The 5% plus 8%?

**Hon. Sophia Aggelonitis:** The 13%—and if it was \$4 after July 1, it would again be 13%.

**Mr. Yasir Naqvi:** As I recall, I think I pay something around \$2.30 or \$2.40 for that small coffee and a tea biscuit that I usually buy. What would have been the tax before July 1, 2010, on that?

**Hon. Sophia Aggelonitis:** You would have paid the GST, but you would not have paid the PST. That is the same after July 1.

**Mr. Yasir Naqvi:** So HST on something less than \$4 is still 5%?

**Hon. Sophia Aggelonitis:** It is still 5%, and that's money that's collected by the federal government.

**Mr. Yasir Naqvi:** Okay. So there has been no change.

**Hon. Sophia Aggelonitis:** Correct.

**Mr. Yasir Naqvi:** Groceries: I think that's something. We've talked about food and stuff like that, somehow giving the impression that on bread and stuff, we're paying sales tax. Before July 1, 2010, did we pay GST and PST on—I go to the grocery store; I buy vegetables, meat, bread and all that kind of stuff.

**Hon. Sophia Aggelonitis:** On basic groceries you do not pay the HST.

It's important to note that 83% of what you and I purchased before July 1, after July 1 has seen no change. Some of those items would include, of course, basic groceries—there is no change—adult clothing; cable TV services; your cell phone services; home phone services; furniture; freezers; refrigerators; if you're a camper, not on sleeping bags, tents and camping supplies. For children, there is no change in toys, craft supplies, TVs, DVDs, Blu-rays or computers. What we've seen is that 83% of the things that you and I purchase today have seen no change.

**Mr. Yasir Naqvi:** So 83% of things that we purchased in our daily lives before July 1, 2010, we paid either no sales tax or 13% sales tax, and after July 1, 2010, it's exactly the same.

**Hon. Sophia Aggelonitis:** Correct. Those are the facts.

**Mr. Yasir Naqvi:** Those are the facts: That's good to know—in a calm fashion, too. We're not getting huffy and puffy about this.

So 17%: That's where, I guess, the controversy comes into play. What is that 17% of things, and what has happened after July 1, 2010?

**Hon. Sophia Aggelonitis:** Well, it is on your hydro bill, but what we have done when it comes to hydro is very important. In Ontario, we know we want to have a reliable clean energy system. It's something we all believe in. I think we know that having a coal generation system in the province of Ontario is not good for health—it's not good for any of us—and we're changing our system.

When we changed our system when it came to the tax system, we wanted to make sure we helped families with the cost of increasing hydro costs. One of the things we did was we introduced the Ontario clean energy benefit. That is 10% off your hydro bill. It's retroactive from January 1, 2011, and it will be in place for five years. That 10% is something that we want to help families with the increase in hydro costs.

The other thing we've introduced with the comprehensive tax package is the energy and property tax grant. That property and tax credit is specifically for families to

help them with the high costs of energy. For a typical family, if they're eligible it would be about \$900. For seniors, it would be about \$1,025. Those are just some of the ways that we're trying to help families with the increase in costs when it comes to energy.

At the end of the day, being able to get the information out to families in Ontario is a big job, because tax isn't always the most exciting subject, even though I think it is; but it is an opportunity here today for us to put down the facts.

I would like to say, Mr. Naqvi, when you were PA to revenue, I know you went to hundreds and hundreds of seminars, and you spoke to hundreds, if not thousands, of people across Ontario. Those were extremely important sessions. The Ministry of Revenue is continuing to have information sessions. In fact, our tax season has just ended, and people were filing their taxes. One of the important things for us was to make sure we got the message out to the people of Ontario to file their taxes, and it's still not too late, by the way. If you haven't filed, please file.

**Mr. Yasir Naqvi:** It's never too late to file your taxes.

**Hon. Sophia Aggelonitis:** It's never too late, but we incorporated some new items; one is the tax credit calculator, which is on our website. It's a fabulous tool—

**Mr. Yasir Naqvi:** I've used it.

**Hon. Sophia Aggelonitis:** You have used it, and it is a fabulous tool which will help people find out exactly the tax credits and benefits that they are eligible for all in one

area. So it's really important that we get the information out. I do want to thank you for all your help going across the province and making sure you spoke with Ontarians.

**Mr. Yasir Naqvi:** Thank you. It was a great experience. It was very interesting to go. I spoke with a lot of chambers, individuals and small BIAs. I think in Hamilton I came and we did one presentation together, and people had these preconceived notions. When we dealt in facts only, it was like day and night. Their attitude towards us completely changed, and they just had a better understanding of what the government is trying to do.

Chair, I'm going to look to you because I think my time for now is coming to an end. How much time do I have left?

**The Acting Chair (Mrs. Joyce Savoline):** You have just over nine minutes left, so it might be a natural spot to end for today.

**Mr. Yasir Naqvi:** Because, on the hydro side of the issue, I do have a line of questioning to go to the minister. Maybe when we resume next time, I can pick it up then.

**The Acting Chair (Mrs. Joyce Savoline):** Okay, that's great. Thank you very much.

So we will adjourn for this afternoon, and we will meet again on Tuesday, May 10 at 9 a.m. It will be the government's rotation still and there are eight minutes and 56 seconds remaining.

The meeting is adjourned.

*The committee adjourned at 1758.*









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Ms. Lisa MacLeod (Nepean–Carleton PC)

Mr. Peter Tabuns (Toronto–Danforth ND)

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## **Legislative Assembly of Ontario**

Second Session, 39<sup>th</sup> Parliament

## **Assemblée législative de l'Ontario**

Deuxième session, 39<sup>e</sup> législature

# **Official Report of Debates (Hansard)**

**Tuesday 10 May 2011**

# **Journal des débats (Hansard)**

**Mardi 10 mai 2011**

## **Standing Committee on Estimates**

Ministry of Revenue

## **Comité permanent des budgets des dépenses**

Ministère du Revenu

Chair: Garfield Dunlop  
Clerk: Sylwia Przedziecki

Président : Garfield Dunlop  
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## LEGISLATIVE ASSEMBLY OF ONTARIO

## ASSEMBLÉE LÉGISLATIVE DE L'ONTARIO

STANDING COMMITTEE ON  
ESTIMATESCOMITÉ PERMANENT DES  
BUDGETS DES DÉPENSES

Tuesday 10 May 2011

Mardi 10 mai 2011

*The committee met at 0901 in room 151.*

## MINISTRY OF REVENUE

**The Chair (Mr. Garfield Dunlop):** Good morning, everyone. Good morning to the Minister of Revenue, all the staff and committee members.

We are here to resume the consideration of the estimates for the Ministry of Revenue, vote 3201. There's a total of two hours and 52 minutes remaining. When the committee was adjourned, the government had nine minutes left in the 20-minute rotation.

Now I turn it over to the government, Mr. Delaney, to carry on for the next nine minutes.

**Mr. Bob Delaney:** Thank you very much, Chair, and welcome back, Minister.

Over the weekend something happened at home that I thought I would bring up. It was very routine; we were just doing a little bit of landscaping, and my lovely other half, Andrea, had asked for quotes and whatnot. There was obviously one quote and one contractor that stood out above everybody else. She had asked, under her name; she uses her maiden name. So I had a chat with the guy—I don't think he knew who I was and what I did—and I said, "You've just quoted the one price here. Could you break the price out?" So he says, "Oh, yes. I'll break it all out for you." I asked him a leading question and I said, "Does this include all taxes?" And he said, "Yes, all of our taxes are built in."

I had another little chat with him and I asked him about the nature of his business and the type of people he employed. He'd been to university. He was a very, very bright guy, still in his twenties—lucky man. As we talked, he very clearly understood the business of being a landscaping contractor, and he also understood that in the progressive series of reforms to taxation that the government had implemented over the last several years, if you actually obey the law you have a competitive advantage over people who would default to working under the table. For example, all of the taxes that he pays on the fuel that goes into his truck, pro-rated by the amount that he uses for business as a proportion of his total mileage, is completely deductible against the taxes that he charges. All of the taxes that he gets his labourers to charge to him are completely deductible against the taxes that he charges to his clients. The list goes on: his tools—just about everything that he uses in the course of conducting

business, much of which he had formerly had to eat, in terms of taxation, and had to pass along in the form of higher prices.

What I thought was interesting is that here was a guy who understood the law, made no bones about the fact that he fully intended to obey it, but also grasped the point that it gave him a competitive advantage.

In doing analysis on this, one thing that comes to mind is that a taxation regime where everything like this is easy to understand and where you deduct the tax that you pay from the tax that you charge enables you to pass through all of that, where at each step you're only adding the incremental tax on that. This, in the jurisdictions that have adopted a value-added tax—which is what this is, a European-style value-added tax—has enabled many of the 140-some jurisdictions worldwide to eat into the underground economy, because it actually doesn't pay to be crooked. It does pay to be tax- and law-abiding because it gives you a competitive advantage in the marketplace.

I wonder whether or not you'd like to comment on that and expand on that.

**Hon. Sophia Aggelonitis:** Thank you very much, Mr. Delaney. You're right: The underground economy is a reality, in fact, in all economies, and its existence is unacceptable.

When we speak about the underground economy, it is a priority for our government. It is about combating it. What we know is that the underground economy hurts all Ontarians. Unpaid taxes mean fewer taxes for provincial programs such as health care and education, and they place a heavier burden on Ontarians who do pay their taxes. Making sure that we have a strong economy, an economy that strengthens an aboveground economy, is exactly what our tax package is all about.

I would like to quote, if I can, the federal budget for 2008. It's right here in the federal budget, and I'd like to read it for the record. The federal government is saying, "Replacing remaining provincial retail sales taxes ... with value-added taxes harmonized with the GST is another area where provinces can contribute to strengthening Canada's tax advantage. Provincial RSTs impair competitiveness because they apply to business inputs, increasing production costs and deterring investment. By comparison, a value-added tax system provides" more "businesses with full tax relief through the input tax credit mechanism. Provincial sales tax harmonization is



the single most important step provinces with RSTs could take to improve the competitiveness of Canadian businesses.”

That’s really important for us to note, especially when we are talking about the underground economy, because we want to make sure that our economy is strong. That’s why we want an aboveground economy, something that’s good for all Ontarians: because we know that our personal income taxes and our sales taxes help promote our services that we depend on, and those are health care and education and a stronger economy for jobs.

**The Chair (Mr. Garfield Dunlop):** Two and a half minutes, Mr. Delaney.

**Mr. Bob Delaney:** Okay; thank you very much.

One of the things I’ve found very interesting is that among the first noticeable price decreases in this, the fourth quarter of the implementation of the harmonized sales tax, have been from organizations that prior to the implementation of the HST had been subject to both taxes anyway, particularly in home contracting, flooring, roofing, tiles: things dealing with the building and construction trades. I think the form in which you often see it is that it started off by saying, “Buy by such-and-such a day and pay no sales taxes,” or pay no HST or whatever. And I thought, “That’s interesting, because that indicates you’re flowing through an 8%—if it’s ‘pay no HST’—price reduction, or ‘pay no sales taxes,’ and that’s a 13% reduction.”

Now, sometimes in advertising you’ll see, “For this limited time only, a price reduction of twice the sales tax.” I’ve seen that a few times as well. Interesting that they’ve been in businesses that have all been subject to both sales taxes before and since. Do you want to make a last comment?

**The Chair (Mr. Garfield Dunlop):** You’ve got about a minute there to wrap this up.

**Hon. Sophia Aggelonitis:** I would, Mr. Delaney. In fact, there is a report from Professor Michael Smart, who does document that two thirds of savings have already been passed to businesses in the last six months.

**The Chair (Mr. Garfield Dunlop):** Thank you, Minister. And I should say—just a second here—we’ve got a delegation here today from the province of Punjab, Pakistan, led by His Excellency Rana Muhammad Iqbal Khan, Speaker of the Provincial Assembly of the Punjab. Thank you very much, and welcome, sir.

We will now go over to the opposition members for the next 20 minutes.

0910

**Ms. Lisa MacLeod:** Thanks very much, Mr. Dunlop. I appreciate the opportunity, again, on behalf of the official opposition to ask questions of the minister and the deputy. I really appreciate you joining us again today. Of course, welcome to our special guests from Pakistan. I hope you learn a lot about the HST today, which is a tax that was brought in a year ago.

Over the weekend, I had an opportunity to review the Hansard of this committee. I understand that we probably have about 30 questions that are outstanding. The first

question I’d like to lead off with today is: Do we have any answers for those questions? I believe Terrence had prepared a briefing note. I’m hoping that it was provided to the minister.

**Mr. Terrence Teixeira:** It was provided to the clerk, who I believe passed it on to all committee members.

**Ms. Lisa MacLeod:** I’m talking about the memorandum, about the questions that were outstanding. Was that provided to the minister?

**The Clerk of the Committee (Ms. Sylwia Przeczdzicki):** No, it’s available here today.

**Ms. Lisa MacLeod:** Okay. Minister, so—

**Mr. David Zimmer:** Sorry, I didn’t hear that.

**The Clerk of the Committee (Ms. Sylwia Przeczdzicki):** It’s available here this morning.

**Ms. Lisa MacLeod:** So I guess it’s not—if we could provide that to you, because we would dearly love those.

The other thing that I did over the weekend, and I thoroughly enjoyed this, was read the transcripts by the former parliamentary assistant to this committee, Mr. Naqvi of Ottawa Centre. He had some hard-hitting questions. One of them was, “July 1 of ?” I assume that’s the date of the HST. I was happy to know that the minister was able to provide us with an answer of “2010.” But he did have a line of questioning which I thought was quite interesting, because he talked about the 83% of items that saw no tax increase, that stayed the same—no tax decrease either; let’s be clear.

I thought it was just a little bit over the top insofar that the former parliamentary assistant had talked about Tim Hortons. Yesterday was the first day that I went to Tim Hortons on the 401. I drive sometimes from Ottawa. In the last two weeks I’ve done that. I stopped in to a Tim Hortons, and I walked out for the first time ever, and do you know what was charged on my order at Tim Hortons?

**Mr. Robert Bailey:** HST.

**Ms. Lisa MacLeod:** HST.

I raise this because of much fanfare and excitement and pomp. I believe the Premier had gone to—perhaps it was Oakville or another Tim Hortons. Can you tell us why he made that announcement? I think it’s really relevant to where we’re at today.

**Hon. Sophia Aggelonitis:** I thank the member for that question. I too had an opportunity to review some of the Hansard over the weekend. I think we’re having a very good discussion about Ontario’s comprehensive tax package. We are having a very good debate on what it means for families and what it means for businesses. I think, most importantly, the question is, what does it mean for families?

**Ms. Lisa MacLeod:** No, I think the question I just asked was, effectively—a year ago, this government, the Liberal government, made an announcement at a Tim Hortons. It was raised, and you answered the member from Ottawa Centre.

I’ll read the question; let me find it. “What if I went to Tim Hortons and just got my—I usually get a tea biscuit and a small coffee; that’s my routine at Tim Hortons.

What kind of sales tax would I have paid before July 1, 2010?"

**Hon. Sophia Aggelonitis:** Thank you to the member. Again, what I do want to put on the record is that 83%—

**Ms. Lisa MacLeod:** Well, you put this on the record. You said: "If your bill was over \$4, you would be paying the tax."

Mr. Yasir Naqvi said: "The 5% plus 8%?"

You said: "The 13%—and if it was \$4 after July 1, it would again be 13%."

Mr. Naqvi: "As I recall, I think I pay something around \$2.30 or \$2.40 for that small coffee and a tea biscuit that I usually buy. What would have been the tax before July 1, 2010, on that?"

You said: "You would have paid the GST, but you would not have paid the PST. That is the same after July 1."

Mr. Yasir Naqvi: "So HST on something less than \$4 is still 5%?"

You say: "It is still 5%, and that's money that's collected by the federal government."

Mr. Naqvi: "Okay. So there has been no change."

Here's the problem: There has been a change, because when Mr. McGuinty and Mr. Wilkinson and Mr. Naqvi, at the time, decided that they were going to go to a Tim Hortons and tell the province of Ontario, "Don't worry. Prepared foods under \$4 won't be taxed," that was before many of our restaurants and small chains, like Tim Hortons, saw an increase as a result of their prices.

So yesterday, when I was driving down the 401, was the first time that I was actually charged HST.

I think it goes back—and with respect to the minister, who is refusing to answer this question—to the question on hydro. When hydro bills go up, how much more money are you bringing in? When prices at Tim Hortons hit that \$4.01 or \$4.02 mark, how much more are you bringing in? I guess that's the question that you're refusing to give us answers to. You can put as many things on the record as you want, but you know what? You're government and we're opposition, and we're asking you: How much more money are you bringing in as a result of, now, higher hydro prices and as a result of higher prices with prepared foods that perhaps have different reasons for going up? That's the question. I'd like to know.

**Mr. David Zimmer:** Jim Flaherty perhaps can answer this.

**The Chair (Mr. Garfield Dunlop):** Mr. Zimmer, you'll have your turn in another 20 minutes.

**Hon. Sophia Aggelonitis:** Thank you very much, Ms. MacLeod. Again, I do want to just mention that last week, when we were in this room with our deputy minister, Steve Orsini, when you spoke about exacts—because I did respond to your questions. I appreciate your questions. When I did respond—the Ministry of Finance for the province of Ontario is responsible for financial reporting, for estimates and for forecasts. For those specifics, I know that the Minister of Finance will be here.

But when it comes to the Ministry of Revenue, we do collect taxes. We have compliance programs. We administer tax statutes. And most importantly, we have been involved in making sure that the implementation of the HST runs smoothly and is helpful, not only to the people but also to businesses in Ontario, because at the end of the day, it's all about jobs for Ontarians and being more competitive.

**Ms. Lisa MacLeod:** You know what shocks me? We've had a week now, and the Ministry of Revenue and the Ministry of Finance have had an opportunity, I think, to talk to one another, to provide us with that answer.

Anyway, regardless, I was so inspired by Yasir Naqvi's line of questioning last week that I thought I'd follow up with my own take. Let's talk about home phone service. How much would you have paid on June 30, 2010?

**Hon. Sophia Aggelonitis:** Again, they're specifics, and I will definitely ask my deputy. But what I would like to say—

**Ms. Lisa MacLeod:** But you answered Yasir Naqvi on specifics, whether that was his Tim Hortons coffee or his basic groceries. I don't understand why it would be any different for a member of the opposition to ask you what a percentage would be, based on two different lists. You're happy about the 83%. We're concerned about the 17%. So perhaps you could tell me what the percentage of the GST and PST would have been on home phone service prior to July 1, 2010.

**Hon. Sophia Aggelonitis:** Absolutely. You know, Ms. MacLeod, just for the record, I have to say that without a doubt, I think that what the opposition parties and the government members bring to committees like this is extremely important for the people of Ontario, and I appreciate your questions.

But when it comes to your questions about what has changed and what hasn't changed, we have been open and transparent right from the start: 83%—

**Ms. Lisa MacLeod:** What was the per cent before, and what is the per cent today?

**Hon. Sophia Aggelonitis:** Home phone services before July 1 were 5% and 8%. Therefore, after July 1, it would remain 13%.

**Ms. Lisa MacLeod:** Okay. Let's go to a haircut.

**Hon. Sophia Aggelonitis:** A haircut—

**Ms. Lisa MacLeod:** I have a little girl and I've got to take her to get her hair cut. Before, it was only 5%; now it's an extra 8%. Now, for my daughter to get her hair cut, or any other person to get their hair cut, it's an extra 8%.

I'm just wondering about accountant fees. It's tax time. Some people file online; some people go to an accountant. The question I have—

**Mr. David Zimmer:** Ask Jim Flaherty.

**Ms. Lisa MacLeod:** Jim Flaherty's not here. You bring me Jim Flaherty and I'll have a conversation with Mr. Flaherty. But he's not.

The funny thing is, this is where I take great exception to—



**The Chair (Mr. Garfield Dunlop):** Okay. I don't think a debate between—

**Ms. Lisa MacLeod:** But this is where I take great exception to this Liberal government. They do not take ownership of anything that they have done. I want to know: On June 30, 2010, what was the tax on accountant fees, and what was the tax on accountant fees on July 2, 2010? What was the tax? What was the percentage?

**Hon. Sophia Aggelonitis:** Like I said previously, 83% of the goods and services that we in Ontario purchase saw no change; 17% did see a change.

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But I'm really glad you talked about accountant services. We know that our accountants have a very important job to do, because we know that they help people file their taxes, and 93% of people saw an income tax cut.

**Ms. Lisa MacLeod:** So did these accountant fees go down, did they go up or did they stay the same as a result of the HST? Do you have that answer?

**Hon. Sophia Aggelonitis:** Absolutely. What we have is a booklet about what changes and what doesn't change under the HST. This booklet was delivered to Ontarians, and we still have it online—

**Ms. Lisa MacLeod:** Does it say accountant fees went up by 8%?

**Hon. Sophia Aggelonitis:** —as we have many different—

**Ms. Lisa MacLeod:** Did they go up by 8%?

**Hon. Sophia Aggelonitis:** —a lot of different advertisements that we have done, but most importantly, trying to get the information to the people of Ontario about the tax changes.

**Ms. Lisa MacLeod:** Okay, so just in the spirit of how you answered Mr. Naqvi's questions when you were very excited about the fact that some didn't see a decrease and didn't see an increase but they stayed the same at 13%—the question, then, that I have, in the very same spirit of Mr. Naqvi's question, is: On June 30, what was the provincial and federal sales tax combined on accountant fees? On July 2, 2010, what was that tax rate?

**Hon. Sophia Aggelonitis:** There was a change.

**Ms. Lisa MacLeod:** Yes. Can you tell us what it was?

**Hon. Sophia Aggelonitis:** Well, like I said, 83% of the things that you and I—

**Ms. Lisa MacLeod:** No, let's just talk about the 17%, this one very small thing called accountant fees. What was that increase, or was it a decrease, or did it stay the same?

**Hon. Sophia Aggelonitis:** If you would like to know the specifics—

**Ms. Lisa MacLeod:** You're having a real rough time actually saying you've increased taxes on accountant fees by 8% overnight.

**Hon. Sophia Aggelonitis:** I think what's really important for the people of Ontario to know is that businesses receive input tax credits. Businesses like accounting services and other professional services would receive business income tax—

**Ms. Lisa MacLeod:** Do you know any accountant who reduced his fees since the HST was introduced?

**Mr. Bob Delaney:** Chair, on a point of order on that: The member is asking a minister of the crown to presume to know the business model of every particular service provider in Ontario, and it is not a realistic question to ask.

**Ms. Lisa MacLeod:** The question I have, though, is: If input tax credits are as a result of purchasing something, what would an accountant, in terms of a service structure, have purchased to lower the price of his service? I just debunked that.

But you know what? The reality is that we were having a tough time of them acknowledging the fact that they actually increased accountant fees by 8%. I know that my husband and I, when we do our taxes—that bill could be about \$800. That's a lot of money to add an extra 8% on tax to.

You know what else gets my goat? As you know, I have a small child and we're involved in lots of things: she dances, she plays soccer, she plays ringette.

**Mr. David Zimmer:** What's ringette?

**Ms. Lisa MacLeod:** And I have to tell you something: On July 1, 2010, do you know what happened to all of that sports registration—

**Mr. David Zimmer:** I'm just trying to understand the context—

**The Chair (Mr. Garfield Dunlop):** She's talking about sports that her daughter's involved in.

*Interjection.*

**Ms. Lisa MacLeod:** It's too bad that you don't understand things, but the reality is you can go Google it. It's a legitimate sport.

Anyhow, we have ringette, we have dance—and ringette's similar to hockey; it's played on ice—and we have soccer. I was shocked to know that after July 1, guess what happened with all of those registrations? Well, you should know, as the Minister of Revenue, that your department has increased those registration fees by 8%.

**Mr. John O'Toole:** That was 8% more.

**Ms. Lisa MacLeod:** That was 8% more that made it more difficult.

Let me just take the example of the dance studio, the Nepean Studio School of Dance—a great group of people; a lot of volunteers there who do a lot of fund-raising for children in competitive dance. My daughter's not at that stage yet; she just has fun jumping and leaping around and wearing a tutu. It's a good time. Having said that, there are kids who are in competitive dance, and that extra 8% after July 1 has made it more difficult for families to make that payment.

As we got closer to the July 1 date of 2010 to bring in that HST, the government brought in something that we brought forward, which they had rejected at the time, which was a children's fitness tax credit—or a children's activity tax credit; I believe they also cover arts here. I thought that was a significant acknowledgement that they had made sports registration so unaffordable for so many

parents because of that 8%—that what they were effectively doing was taking with this hand, putting some in the pocket, taking a little bit out and giving a pittance back to families with children.

I would like your comments on that whole area—and by the way, it doesn't just affect parents who are putting their children through sports; it also impacts—we had Curves here. We had 300 or 400 people out front doing a rally one time because their memberships were going up. We hear it quite—

*Failure of sound system.*

**The Chair (Mr. Garfield Dunlop):** The mikes aren't working right now. Excuse me. We need a quick recess.

*The committee recessed from 0927 to 0931.*

**The Chair (Mr. Garfield Dunlop):** We'll reconvene, then. Ms. MacLeod, you have three minutes.

**Ms. Lisa MacLeod:** Three minutes. That's not a lot of time, but thanks very much, Chair.

Just another couple of quick questions similar to the line of questioning asked by your own caucus colleague Yasir Naqvi from Ottawa Centre, former parliamentary assistant to the previous Minister of Revenue.

If I went to the chiropractor on June 30, what tax would I have paid?

**Mr. John O'Toole:** Physiotherapy, too.

**Hon. Sophia Aggelonitis:** Again, thank you very much—

**Ms. Lisa MacLeod:** I was going to ask massage, but given the last two weeks, I decided I wouldn't ask that question.

**Mr. Bob Delaney:** We all know each other here.

**Hon. Sophia Aggelonitis:** Again, Ms. MacLeod, 83% of goods and services have seen no change; 17% have seen change. When you spoke a little while ago, you spoke about children and recreation fees. I want to put on the record that certain memberships and recreation fees are not subject to HST if they are provided by a public service body, a municipality, a not-for-profit organization, if they consist of supervised instructional classes or activities involving athletics, outdoor recreation, music, dance, crafts, arts, hobbies or other recreational pursuits where the program is provided primarily to children 14 years of age or younger, and a large part that does not involve overnight supervision, such as summer camps—

**Ms. Lisa MacLeod:** The only problem with that, Minister—and I apologize because we're dealing with this ourselves—many of those organizations do have to pay an increase on rentals, an increase on many of the things that they bring, so that price has actually gone up.

**Hon. Sophia Aggelonitis:** But they get rebates.

**Ms. Lisa MacLeod:** A rebate after the fact. Who goes for the rebate? We all know that's bureaucratic.

I did have a quick question, and I'd appreciate a direct answer because chiropractic was delisted by your government in health care. On June 30, 2010, what was the amount of tax that was applied to chiropractic services?

**The Chair (Mr. Garfield Dunlop):** You've got a minute left.

**Hon. Sophia Aggelonitis:** Again, I thank the member for the question. We know that 83% of goods and services in Ontario saw no change; 17% did see some changes.

**Ms. Lisa MacLeod:** And chiropractic, as you would acknowledge, is one of them?

**Hon. Sophia Aggelonitis:** At this moment in time, what I can tell you is 83% saw no increases—

**Ms. Lisa MacLeod:** So of the 17%, though, chiropractic did see an 8% increase overnight on July 1?

**Hon. Sophia Aggelonitis:** We have published a document; in fact, it's online, but we also—

**Ms. Lisa MacLeod:** Yes, I know. You know what? Come on. We're right here. We're like two feet, three feet apart—well, maybe longer than that. But the reality is, you can just answer. You don't have to revert to something on a website. You're sort of right there.

**The Chair (Mr. Garfield Dunlop):** You have 20 seconds to do whatever you're doing.

**Ms. Lisa MacLeod:** I would have appreciated the openness and the honesty, but—

*Interjections.*

**Hon. Sophia Aggelonitis:** Again to the member, we do have a brochure called "what changes and what doesn't change under the HST" for the people of Ontario to see those exact figures.

**The Chair (Mr. Garfield Dunlop):** Okay. That's the end of the official opposition's rotation. We'll now go to the third party. You have 20 minutes, Mr. Bisson.

**Mr. Gilles Bisson:** Hello, Minister, and good morning.

I've got a bunch of questions here, and I would ask if you can flip, on the expenditure estimates book, to page 208 before I start, so at least you follow along with what the questions will be. You're ready? Okay.

There are a couple of things that I'm trying to figure out here. On the operating expense side of your ministry, you're showing an overall decrease in expenditure of over a billion dollars, and I'm just trying to figure out exactly where that is coming from—well, I know where it's coming from, but exactly what you've done. For example, on line 1, operating expense, economic policy: You go from, I take it, \$20 million to \$10 million. Can you explain what the economic policy is? Not that it's a bad thing to spend less, but I'm trying to figure out why.

**Hon. Sophia Aggelonitis:** Well, thank you very much, Mr. Bisson, and welcome to the committee.

First, let me just say that in our printed estimates that you have in front of you, our ministry projected estimates for the 2011-12 fiscal year. It's \$2.3 billion in operating costs, a change of \$1.8 billion from last fiscal, which was just over \$4 billion. These changes are a net result of several increases and decreases to the ministry's operating budget, and I would ask my deputy if he could add to that.

**Mr. Gilles Bisson:** If you can just walk me through it on the first line, on economic policy. It's not a lot, but it's \$9 million less. What are you not doing that—



**Hon. Sophia Aggelonitis:** Can we just make sure that we're looking at the same—

**Mr. Gilles Bisson:** Page 208, fiscal and financial policy programs. It's the big book. You guys print this thing.

**Mr. Steve Orsini:** We have the annotated version of it.

**Hon. Sophia Aggelonitis:** If we could just take a look at that book, that would be great. Thanks.

**Mr. Gilles Bisson:** So on page 208, item number one, there's economic policy, a decrease of about \$10 million. What are you not doing? What have you done differently?

**Hon. Sophia Aggelonitis:** That page number that you're looking at, page 208, is under Ministry of Finance.

**Mr. Gilles Bisson:** No, I understand, but I'm asking. I figure you're somewhat related: You get the revenue and he spends it.

**Hon. Sophia Aggelonitis:** We do get the revenue, and I thank the member for the question, but those specifics about the Ministry of Finance—I know he's coming.

**Mr. Gilles Bisson:** So we're not going to get an answer to that. Okay, I was just trying. It was one way of getting to it.

Let me get to the next one. If I look at the amount of revenue that the province has brought in, looking at the budget book page 230—now we're back into not Ministry of Finance, but Revenue—as I look at that over the last 10 years, the amount of revenue coming in that has increased in the province of Ontario went from \$74 billion back in 2002 to \$108 billion this year, which is about \$50 billion extra—no, \$34 billion extra, excuse me. I look at the expenditure side, and you've basically gone from \$74 billion to \$124 billion; that's record expenditures of \$50 billion over 10 years.

As I looked at your budget in regards to expected revenue in order to balance, it seemed to me that your numbers were somewhat optimistic as far as what the revenue would be. I guess my question is, are you still holding firm to the numbers that you've put in the budget document when it comes to revenue, or do you think you may have to adjust that downwards?

**Hon. Sophia Aggelonitis:** Thank you, Mr. Bisson. That's a great question. What's in the 2011 budget book is a budget that was developed from the Ministry of Finance, which reports four times a year to the people of Ontario our budget numbers and our real numbers. I know that the Ministry of Finance will be coming to this committee to discuss those types of questions and I know they'll be here.

**Mr. Gilles Bisson:** No, but I'm talking revenue. You've gone from \$74 billion to \$108 billion with roughly a \$16-billion deficit. My question to you as the Minister of Revenue is, as I look at your expected revenue projections leading off from this year, it seems to me that they're fairly optimistic as far as what you're expecting. So I'm just asking the simple question: Do you hold true to the projections in this ministry budget that were in the

budget on the revenue side? Are you holding true to those or do you think you have to adjust them downward?

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**Hon. Sophia Aggelonitis:** I did say that the Ministry of Finance is really responsible for financial reporting, estimates and forecasting, where the Ministry of Revenue really is about administering the tax statutes, collection and compliance programs for the ministry of—

**Mr. Gilles Bisson:** So the Minister of Revenue doesn't give a little whisper to the Minister of Finance in regard to what they figure the revenue's going to be? If you're collecting the revenue, it seems to me that you're the one who gives the information to the Minister of Finance on what to project, or at least one of the people; aren't you?

**Hon. Sophia Aggelonitis:** Again to the member, the Ministry of Finance really is the one that is responsible for financial reporting, estimates and forecasting.

**Mr. Gilles Bisson:** That's not my question. My question is, do you give advice to the Minister of Finance in regard to what projected revenues will be—yes or no?

**Hon. Sophia Aggelonitis:** Again to the member, the Ministry of Finance is in charge of financial reporting, estimates and forecasts.

**Mr. Gilles Bisson:** So you don't give the advice, you don't want to give the advice or you don't know. Which one is it?

**Hon. Sophia Aggelonitis:** You know, again to the member, the important thing is that we have a 2011 budget that I think, when you look at our tax package for the people of Ontario, is a great package because it's putting money back into people's pockets.

**Mr. Gilles Bisson:** That's not my question. My question is, do you give advice to the Ministry of Finance when it comes to projected revenues that you will be collecting in the outgoing years of this budget?

**Hon. Sophia Aggelonitis:** The good news is that in the government of Ontario I think we all work very well together, collaboratively, for the best purpose for the people of Ontario.

**Mr. Gilles Bisson:** So you don't know?

**Hon. Sophia Aggelonitis:** Again to the member, the Ministry of Finance is responsible for financial reporting, estimates and forecasts. The Ministry of Revenue is in charge of collecting taxes, compliance programs and administering our tax statutes.

**Mr. Gilles Bisson:** Okay. I'm just going to make this statement and then I'll go to the next question. You're the ministry that collects all of the revenue for the government of Ontario. You collect \$108 billion in revenue through various means and taxes and transfers from the federal government etc., and it seems to me only logical that you would have some say as to what you think the projected revenue's going to be on sales tax, on employee health tax, on personal income tax, on corporate tax. It seems to me that the Ministry of Revenue would have some projections of what they think the numbers are going to be, as far as what the revenue's going to be in

the outgoing years. You don't want to answer that. People can draw their own conclusions.

Let me get to the next one over here. On the sales tax side, what's the total amount now—if I read this correctly, the total amount of sales tax, combined HST and PST, is estimated at \$20 billion this year?

**Hon. Sophia Aggelonitis:** Thank you for that question. The full package, the comprehensive tax package, is really a package that is good for families and businesses. I can ask my deputy if he could comment further on your question.

**Mr. Gilles Bisson:** I just want to properly understand. It's \$20 billion; right?

**Mr. Steve Orsini:** On page 183 of the budget—are you on that page?—it shows the interim numbers for 2010-11 for sales tax, and that is \$19 billion for sales tax for the full year of 2010-11. Then it provides a three-year projection. The Ministry of Finance estimates what the ministry believes will be the total sales tax revenue over the next three years. Then it shows all the other revenues that the Ministry of Finance forecasts.

**Mr. Gilles Bisson:** I guess my first question is, who makes the projection from the \$20 billion this year to the \$22 billion in 2013? Who makes that projection?

**Mr. Steve Orsini:** It's the Ministry of Finance. They have a dedicated revenue forecasting group that does that. The Ministry of Revenue provides audit numbers from the audit work that we do and our collections work on some of the tax statutes. A number of the significant tax sources are actually collected by the federal government. The corporate income tax is now collected by the federal government. That changed in the last couple of years. Sales tax is now collected by the federal government, and the personal income tax has been collected by the federal government for some time. There are 12 other statutes that the Ministry of Revenue collects.

**Mr. Gilles Bisson:** So you can't comment as to the projections, if you think they're high or low—

**Mr. Steve Orsini:** That's a Ministry of Finance question.

**Mr. Gilles Bisson:** You can't. Okay. All right. I hear you. We can get into that debate when we get the Ministry of Finance in.

*Interjection.*

**Mr. Gilles Bisson:** What's that?

**Mr. John O'Toole:** All the revenue numbers are low-ball.

**Mr. Gilles Bisson:** Yes, I know. That's why I'm asking the questions.

Let's get back to the sales tax, then. Do you have numbers as to the breakdown on the collection of sales tax on various sectors of the economy or various items? For example, how much HST is collected on a hydro bill? Do you have those kinds of numbers, total?

**Hon. Sophia Aggelonitis:** Again, any kind of specific like that would be financial reporting through the Ministry of Finance. In the Ministry of Revenue, we do not have those specific numbers.

**Mr. Gilles Bisson:** Hold it. You collect the tax, don't you?

**Hon. Sophia Aggelonitis:** Correct.

**Mr. Gilles Bisson:** So certainly to God, your ministry has to know how much revenue in total has come through the HST on hydro bills.

**Hon. Sophia Aggelonitis:** Again, Mr. Bisson, the total revenue that you're asking for, those specific questions about taxes—we have, in the province of Ontario, the Ministry of Finance, which is in charge of financial reporting, estimates and forecasts.

**Mr. Gilles Bisson:** Hold it. Does your ministry collect any money?

**Hon. Sophia Aggelonitis:** In fact, our ministry does a lot of things, including compliance, administering tax statutes—

**Mr. Gilles Bisson:** Minister, with all due respect, I'm asking a question as to the collection of taxes in the province of Ontario. Is your ministry responsible for the collection of taxes, yes or no?

**Hon. Sophia Aggelonitis:** With specifics to the HST, the federal government collects the HST.

**Mr. Gilles Bisson:** But the money, basically, is projected in your estimates, and I'm asking the question: How much HST is collected from hydro bills in the province of Ontario? Can you get me those numbers?

**Hon. Sophia Aggelonitis:** Again, if I could ask my deputy to add to that.

**Mr. Steve Orsini:** The province entered into an agreement with the federal government called the comprehensive integrated tax coordination agreement. This agreement specifies a funding formula for the revenues that the province gets from the HST. It's specified in the agreement itself. That money flows to the Ministry of Finance from the federal government, as well as personal income tax revenues and corporate income tax revenues.

The Ministry of Revenue is responsible for auditing twelve tax statutes, other than corporate income tax and personal income tax. Those are the ones that are collected, audited and enforced by the federal government. There's a formula that comes in one lump-sum payment from the government of Canada that doesn't segregate out the amounts for any particular item.

**Mr. Gilles Bisson:** All right. So can you get me the number as to the total amount of HST collected on hydro bills?

**Hon. Sophia Aggelonitis:** Again, to the member, I thank you for that question. The Ministry of Revenue administers; we don't forecast, as the Minister of Finance does. The Minister of Finance is responsible for financial reporting—

**Mr. Gilles Bisson:** Thank you, Minister. My questions are to legislative research. Can you provide this committee with a breakdown of a couple of things? What is the revenue collected—HST—on hydro bills, specifically; on home heating, excluding hydro, specifically; and how much extra revenue do we get by way of the gas tax—the HST collected on the tax, that is a tax on the tax on gas? Are you following where I'm going?



So on the HST, what I want to know is—

**The Chair (Mr. Garfield Dunlop):** You're asking legislative research?

**Mr. Gilles Bisson:** Yes, I'm asking legislative research. How much HST is collected on hydro and on all home heating outside of it? And also, if you could provide me the number on the taxes collected on gas? That would be a start.

Let's go on to other parts of your ministry, and hopefully you can answer these. The diamond tax: Can you tell me how much you collected on the diamond tax this fiscal year? I know it's in here somewhere, but I'm just curious.

**Hon. Sophia Aggelonitis:** I appreciate the question, but just if I could answer, you had asked a question prior to this. When you look at our tax system, our comprehensive tax package, we are in fact cutting taxes. That's really important to put on the table.

When it comes to the diamond tax, I will ask the deputy to answer.

**Mr. Gilles Bisson:** Specifically, what I'm looking for is, what do they pay now versus what they would have been paying before the increase? You have a royalty that you're collecting on diamonds that are coming out of the Victor project, and I'm just curious if you have the numbers for how much we are collecting this year, and what it would have been under the previous tax regime when it came to royalties.

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**Mr. Steve Orsini:** The diamond royalty would be as part of other revenues in the budget. Segregating that out, we don't have that information available. We would have to contact finance to get that information. We wouldn't have that available right now.

**Mr. Gilles Bisson:** So corporate taxes that you collect from your ministry, you don't have the numbers; it's the Ministry of Finance that has them?

**Mr. Steve Orsini:** The corporate income tax revenue is collected by the federal government, and they make payments to the Ministry of Finance. The ones that we would have numbers for are the amounts that Ministry of Revenue staff go out and audit under the 12 tax statutes that we do have responsibility for, like the employer health tax for example, so we would know how much audit revenue we would collect and also our collections amount. The total amount of revenue that would come from those sources would be part of the Ministry of Finance looking at general trends in the economy—you know, salary and wages, the number of employees—to gauge the estimate of what these tax revenues would be.

**Mr. Gilles Bisson:** To legislative research: Can you get me what the numbers are on the amount collected on royalty? I'm looking specifically at two things: Looking on the diamond mine side, what is the royalty that is collected this year, and what would it have been under the previous system before they did the increase? Also, if I can get a list of any other royalties. My understanding is that there is no royalty on gold. As far as I know, I think it's just corporate income taxes that are charged, but are

there any other royalties collected on other minerals? If you can break those down as well, I wouldn't mind getting it.

We collect a thing called a stumpage fee in Ontario; it's collected by the province of Ontario and charged to people who cut trees in our forests. Do you have those numbers? It's revenue.

**Mr. Steve Orsini:** I think that is under the category of non-tax revenue—I'll need to clarify that—and that would be the Ministry of Natural Resources and forestry. We ourselves—it's not one of the statutes that the Ministry of Revenue is responsible for.

**Mr. Gilles Bisson:** Thank God research is here. If you can provide me with the numbers collected over the last three years, the money on stumpage that was collected, if you can give me that as well. I'm going somewhere with all this, obviously.

**The Chair (Mr. Garfield Dunlop):** You have two minutes left.

**Mr. Gilles Bisson:** Yes, thank you, two minutes left.

On the income from government businesses: We operate casinos, the LCBO, all that kind of stuff. I'm sure it's in the book, but I notice that your revenue projections on those types of businesses increase by about \$800 million over the next two years. We're currently collecting about \$4.5 billion. I'm sure it's in here, but do you have the numbers for LCBO versus the various ministries, and what page? If you can quickly help me, because I have a question. LCBO, casinos and all that is where?

**Mr. Steve Orsini:** Those would be under the income from government business enterprises, as you've noted. The individual breakdown we wouldn't have in the Ministry of Revenue. Again, that would be the Ministry of Finance that has the breakdowns for those numbers.

**Mr. Gilles Bisson:** I hope they pay you a full salary to do what you're doing over there.

All right. I don't have any other questions. Thank you.

**The Chair (Mr. Garfield Dunlop):** We'll go down to the government members for 20 minutes.

**Mrs. Maria Van Bommel:** I just want to take a little bit of time to talk about the way that the implementation of the HST has impacted on a very specific industry, which is agriculture, and as everyone knows, that's something that I'm very close to.

One of the things that has happened on our farm in the last two years is that we are in the midst of a transition from ourselves to our son, so we're moving on to the next generation, and anything that we can do to help put more money into the beginning farmers' pockets is important to do, because as anyone who understands agriculture knows, it is a very capital-intense business, and certainly the initial layout of monies to get into the business can be very, very high and for many can be in the millions of dollars. So anything that we can do to help them in the early years is very important.

One of the things that farmers have always done is, since the inception of GST, we have been part of the system that has allowed us to apply for rebates under

GST. There's a very specific list of items and business costs that farmers can apply to get their GST back on.

Now that we have HST, farmers are also able to do the same thing through the very same system, same application form. We've set up our computers now to calculate the HST, as opposed to just the GST. Before that, we had a system where there was a fairly short list of items that could be exempt at point-of-sale. So what the farmer could do was go into certain stores—usually they're fairly local to rural areas because people there understand them, and one of the most typical would have been the TSC Stores, Tractor Supply Co.—and you would take an item and say to the cashier, "This is for farm use." You had to show your farm business registration number to prove that you were a bona fide farmer. Then, the cashier would be able to tell you whether, according to his or her computer, this item was exempt at point-of-sale.

We would take things such as a barn broom—very simple—to the cashier, and the cashier would say, "No, we can't exempt this at point-of-sale." You would say, "Come on, it's for the barn." There would be a big argument with the cashier. Believe me, the cashiers put up with a lot of pretty irate farmers who were saying, "This broom is for the barn." The cashier would say, "Yes, but you could also take it home and use it on your patio, use it for personal use," and therefore they wouldn't do the exemption at point-of-sale on it.

In talking to the cashiers, since we have done the HST, I can tell you that they're a pretty happy bunch. They are really pleased that they don't have to fight with farmers about it anymore. Farmers take this home, they do it along with their GST application, and now they can get more of it.

One of the other things that also happened is, now, as a farmer, the list of things that we can apply to get the HST back on, to get that PST portion back—because we always could get the GST. But because the GST rules and the now HST rules overlap, the list of items that farmers can now apply for has been greatly increased, to the point where the rebates are sizable.

So what we're doing now is putting more money back into the pockets of every farmer, and especially young farmers, where it really makes a big difference.

We know that farmers, essentially, are price takers; they're not price setters. So the concept of being able to pass along savings to the end consumer, who, in most cases, for us, are processors, doesn't really exist. But this system now allows farmers to recapture more of that initial outlay in their expenses, which, in turn, as everyone knows—farmers tend to go back into the community. They tend to take those dollars and use them in their communities, so they do stimulate the economy that way as well.

One of the things that I've noticed—and I do this at my own farm, where, as I said, we're in the transition period. My daughter-in-law does some of the accounting. I still do my year-end, and I still do the HST application for the farm. We've been doing it on a quarterly basis, and one of the things that I notice is that because of the

increase that we are now getting back and quite a sizable difference in the amount that is rebated back to us, I can see an advantage in being able to do this on a monthly basis.

I know I am part of the government, but I don't think I want to see my tax dollars stay here any longer than they have to. I certainly want to see them back in my son's pocket.

I understand that this system is now sitting with the federal government, but my question is, would it be possible for my farm to now change the system of quarterly remittance or applications to a monthly basis, so that we can get this back and use those dollars more quickly?

**1000**

**Hon. Sophia Aggelonitis:** Thank you very much, Ms. Van Bommel. First, let me congratulate you for all your years in farming. What a great industry that is, and thank you very much. I know we've enjoyed some chickens from your farm.

**Mrs. Maria Van Bommel:** Yes.

**Hon. Sophia Aggelonitis:** I thank you very much for that.

Our farmers are really the lifeblood of our communities all across Ontario, in fact all across our great country.

When you speak about the HST and what it has done for farmers, there are a lot of things I'd like to comment on. Most importantly, previously in this committee I made reference to a document that was published by the Ministry of Finance called Ontario's Long-Term Report on the Economy. If we turn to page 59 of that report, it gives us a breakdown of every business sector and how they would see tax relief when it comes to the HST.

The first one is agriculture, and I really think it's important to put on the record, again, that—under the HST, the agricultural sector would see an HST savings of \$30 million. That is also added to the corporate income tax savings, which is \$15 million. So the total net savings to our farmers, to our agricultural sector, is a net savings of \$45 million.

We also talk about the HST and some of the benefits to our farmers, and I would like to just read a few. In general, farmers will be reimbursed for all or part of the tax that they pay on many business items that were taxable under the retail sales tax, such as trucks and other equipment. Under the GST, purchases of certain farm equipment, such as certain tractors, are zero-rated, meaning those purchases do not incur tax.

To help Ontario farmers, temporary restrictions to input tax credits do not apply to farming businesses. The HST helps put Ontario's farmers on a much more level playing field with farmers in Quebec and the HST charged in provinces like New Brunswick, Nova Scotia, and Newfoundland and Labrador, because they are no longer required to pay sales taxes on many items that are already reimbursable in those provinces.

The HST treatment on inputs for our farmers—in general, farmers are reimbursed for all or part of the tax that they pay on items used in their farming businesses



that were taxable under the retail sales tax, such as pickup trucks, computers and office equipment. Farm inputs that were exempt from RST but subject to the HST are also eligible for an offsetting input tax credit, and some examples would be veterinarian fees and drugs, freight and trucking, and fuel, oil and grease. Most farm inputs continue to be zero-rated, meaning they can be purchased without paying any tax, and some examples would include feed, fertilizer, seed, farm equipment and machinery, livestock purchases, pesticides and some tractors. The HST also does not result in any additional paperwork. Farmers who already remit their GST paperwork will continue to do so and continue to receive input tax credits on any applicable farming inputs.

We have a lot more information for farming businesses that is available on the Canada Revenue Agency's website, as well as our own website.

The other benefit to farmers, of course, is the Ontario clean energy benefit of 10% off hydro costs. That, again, is another benefit.

So thank you.

**Mrs. Maria Van Bommel:** Thank you.

**The Chair (Mr. Garfield Dunlop):** You have another nine minutes.

**Mr. David Zimmer:** Thank you, Chair.

I have a question for the deputy, sort of a technical question. I'm quite interested to know, since the HST that we administer in partnership with the federal government and the federal Ministry of Revenue and the federal finance minister of this Conservative government—indeed, I expect that the federal Conservative government, the Minister of Finance and the Minister of Revenue are exercising a positive leadership role in the administration of this tax. Deputy, what processes are in place as the provincial government and the federal government work out the inevitable administrative wrinkles, if you will, that develop in the administration of the tax? How do the two governments, the two ministries and the two bureaucracies work together to achieve a smoothness and a fairness in the administration and collection of the tax?

**Mr. Steve Orsini:** Thank you very much for that question. Essentially, what the Ministry of Revenue does is work with the CRA to make sure that there's a smooth transition. Working with the CRA, we've issued a lot of bulletins and information circulars. The CRA has been very helpful in holding technical sessions with the business community, for example, on the implementation of the HST. Where businesses, for some reason, don't understand the rules, we will follow up with them to make sure that they comply or are aware of the rules. For example, the First Nations point-of-sale exemption: In the early going, a number of businesses needed some support in understanding how that would work. There's a lot of support that the Ministry of Revenue and the CRA are doing to ensure that there's a smooth transition in the implementation.

One of the other benefits, as part of the whole agreement with the federal government, is that the Ministry of

Revenue has great expertise in sales taxation. Prior to administering the retail sales tax—the majority of those staff have agreed to work for the CRA. So we will benefit from their years of expertise and experience, moving to the CRA, to ensure that their expertise continues, but now at the federal level.

So there are a number of initiatives that we have in place with the CRA to ensure a continued smooth transition: advance rulings, technical bulletins. As businesses raise those issues, we work with the CRA to make sure that the rules are clear, that people understand them, that we send out alerts to inform people as much as possible on specific aspects of the HST.

But to be very clear, the tax base is the federal government's. The federal government is the one that determines the full array of what's taxable and what isn't. The province has some flexibility through point-of-sale exemptions, but even there the federal government has to approve anything that the government proposes on the point-of-sale exemption. It is a federal tax.

**Mr. David Zimmer:** That leads me to a follow-up question. In the administration of the tax and the partnership with the federal Conservative government, I expect there are areas where perhaps the federal government or the provincial government, working together—one of the governments exercises the leadership role on a particular issue. If that's the case, on what type of issues would the federal government exercise the leadership role or the initiative in sorting an issue out? And in what areas might the provincial government exercise that leadership role in sorting out an issue that has cropped up?

**Mr. Steve Orsini:** The HST is really the GST base, with some exceptions that the province has some flexibility to introduce. So the federal government takes the leadership role in determining what is taxable and what isn't. As part of the agreement that the province entered into, we were required to adopt the GST base. That is a key component of part of the HST, which is a federally determined tax base. In fact, the federal government gave the province \$4.3 billion in transitional support to help facilitate that transition from the old sales tax to the provincial portion of the HST. But when it comes to changes in the tax base, it's the federal government that's the lead. The province of Ontario will have input into that, as well as other provinces. The Atlantic provinces, for example, would also have input into determining the tax base. But it is solely the federal government's responsibility, under all the agreements and under their legislation, to determine what's taxable and what isn't, and when they make changes to the tax base.

We will be consulted. We will have a chance to work with industries. We've done that already: We worked with a number of industry associations to identify areas that we need to explore to make sure that the rules are clear and that the application of the tax is fair and effective.

**Mr. David Zimmer:** Is it fair to say that in sorting out an issue with the federal government, the federal Minister

of Finance and their revenue people—not to put too fine a point on it, I suppose—the federal government and the federal bureaucracy, in effect, have the final hammer or say on an issue? Ideally, we'd like to sort it out by mutual agreement with the province and the federal government, but if push comes to shove, is it the federal government's call?

**Hon. Sophia Aggelonitis:** Well, I think I would answer that question by talking about how important collaborative relationships and partnerships are. What's really important is that what we have seen in the province of Ontario is that we are becoming a much more competitive economy when it comes to job creation. I think if we just look at the recent numbers that came out last week, we have recovered well over 100% of the jobs that we lost prior to the recession.

But the key numbers that we have to keep talking about are really what the HST and the comprehensive tax package have done for the people of Ontario and what it means for their pocketbooks. What it means is that, for example, 83% of everything that we buy has seen no tax changes with the HST. We know that nine out of 10 Ontarians have already seen a personal income tax cut. We know that the average family is receiving about \$355 in income tax cuts this year and every year moving forward, permanently. We know that Ontario has the lowest provincial tax rate in Canada on the first \$37,000 in income.

In order to help with the transition to the HST, our federal government provided the province with \$4.3 billion. All of that money has gone back to the people of Ontario through the transition cheques.

**The Chair (Mr. Garfield Dunlop):** You've got a minute, Minister.

**Hon. Sophia Aggelonitis:** That means the HST transition cheques total up to \$1,000 to any family earning less than \$160,000, or \$300 to individuals earning less than \$80,000.

At the end of the day, this is about making Ontario as strong as we can be. That's all of our responsibility, and that's what we are doing.

**Mr. David Zimmer:** And I assume from what you've said, Minister, and given the federal government's initiative in this, that they, as a federal government, must be pleased with the positive results of the HST.

**Hon. Sophia Aggelonitis:** Yes, I think they are.

**Mr. David Zimmer:** Thank you, Chair.

**Mr. Gilles Bisson:** They're pleased with the results of the election.

**The Chair (Mr. Garfield Dunlop):** Yeah. Thank you very much, Minister.

We'll now recess until 3:45 this afternoon, or right after routine proceedings. I'd like to thank the members of the committee. Minister and members of the ministry, thank you for your time. We'll recess.

*The committee recessed from 1013 to 1551.*

**The Chair (Mr. Garfield Dunlop):** I call the meeting back to order.

Ladies and gentlemen, we have about an hour and 40 minutes left, so it will be three rounds of 20, and then the

balance split between the three times. We should be out of here, we figured, sometime around 5:20, or something like that.

We've just got agreement that Mr. Tabuns is going to go ahead of the official opposition. Third party, Mr. Tabuns: You've got 20 minutes.

**Mr. Peter Tabuns:** Minister, I was asked if you could tell us the increase in the HST collected since approximately three months ago, when gasoline prices started rising substantially. Can you tell us the difference between what you expected to collect and what you have collected?

**Hon. Sophia Aggelonitis:** Thank you, Mr. Tabuns. I would like to ask my deputy to speak to that specifically. But I think it's important to put on the record that the federal government collects the HST for the province of Ontario. This is saving Ontario businesses \$500 million a year. The federal government makes lump-sum payments to the Ministry of Finance as per the agreement that Minister Flaherty and Minister Duncan signed. And—

**Mr. Peter Tabuns:** If you'll excuse me, Minister: If you don't collect it, you have it remitted to the Ministry of Finance. It never goes through your hands; is that correct?

**Hon. Sophia Aggelonitis:** Like I said, the federal government, when it comes to the HST, makes a lump-sum payment to the Ministry of Finance.

**Mr. Peter Tabuns:** So you can't give me that number, because you don't collect the money? The federal government collects it and turns it over to the Ministry of Finance. It doesn't go through your books and hands.

**Hon. Sophia Aggelonitis:** The federal government does collect the HST for the province of Ontario.

**Mr. Peter Tabuns:** Okay.

**Hon. Sophia Aggelonitis:** Thank you.

**Mr. Peter Tabuns:** No further question there.

The whole question of contraband tobacco and consultation with First Nations: Can you tell us which First Nations leaders your ministry consulted with prior to the introduction of this legislation?

**Hon. Sophia Aggelonitis:** Of course. First, Mr. Tabuns, thank you for letting me speak about proposed legislation that is before the Legislature, Bill 186. Bill 186 really is a collaborative bill so that we can work with all of our partners when it comes to combatting contraband tobacco. I have met, and ministry officials have met, with First Nations leaders on many occasions, for many different issues.

What I can do is ask my deputy if he'd like to add anything to that.

**Mr. Steve Orsini:** We've had a number of discussions with First Nations leaders at a number of different levels, whether it's the minister, the deputy minister, the assistant deputy minister, a director, and they've covered a wide range of issues. For example, this year alone, we've signed, as I think we mentioned last time, five additional retail agreements with regard to the cigarette allocation formula. We've had a number of discussions on a whole range of issues.



As with other stakeholders, the Tobacco Strategic Advisory Group that provided a report last fall had made recommendations. A number of groups have provided ideas and information that the ministry took into consideration and that the government deliberated on before introducing Bill 186. It was input to the decision-making process. The bill was introduced, and it's now going through the legislative review process.

Key to that is, it creates a platform for further engagement with First Nations on issues that they feel are important.

**Mr. Peter Tabuns:** The difficulty I have with both answers, Minister, is that it's very, very general. Can you tell us, here today, which First Nations leaders were consulted on this bill? Can you give us the names and the organizations they are attached to?

**Hon. Sophia Aggelonitis:** Again, Mr. Tabuns, what's really important is that conversations between the government of Ontario and First Nations—there are so many conversations going on, because we believe that it's important to have a collaborative partnership. It's about building, strengthening our relationships with First Nations.

If you would like to know the exact meetings that we've had since we've discussed so many different topics, I'm sure that the deputy—can we get a list?

**Mr. Steve Orsini:** We would have to pull that list together.

**Hon. Sophia Aggelonitis:** Yes.

**Mr. Peter Tabuns:** I'd ask that you pull that list together, because what we have been hearing is tremendous anger on the part of First Nations, saying that in fact they weren't consulted on this bill. What you're saying very clearly is that they were consulted. So we'd like to know to whom you talked, what their titles and organizations are, and when.

**Hon. Sophia Aggelonitis:** I think, Mr. Tabuns, if I can—like legislation that goes before our Legislative Assembly, there is a process, and the process is continuous consultation. If you're asking me if we gave them the bill before it came before the House, that definitely did not happen, because it's not the process.

But I will tell you that the conversations that I've had with First Nations leaders is—tobacco and our kids: That's what this is really about. Too many of our children, whether they live on First Nations or in any other community in Ontario, are just smoking too much. We have to stop that. Part of this is, I think, a collaborative effort on everyone's part, working together. I think that that's really the key.

We want to make sure that the relationships are collaborative, that it's a partnership. It's not us saying what we're doing; it's about working together.

**Mr. Peter Tabuns:** Minister, I've gone out on tours with other ministries when bills have been debated. It has been very clear, as I've gone out on those tours, that parliamentary assistants and senior staff have had prior meetings with stakeholders—not giving them the con-

tents of the bill, but having met with them and canvassed the issues.

Based on what you've said to me, "we're in constant consultation" doesn't sound like you had a specific consultation on the contents of this bill.

The second thing I'll say is, if you indeed had those consultations with them, can you tell us what their concerns were and what things they wanted as a way of dealing with the economic impact on a number of reserves of having production of cigarettes reduced?

**Hon. Sophia Aggelonitis:** I think the first part—what's really important in Bill 186, if it is passed, is the whole idea of registering importers. I think that's something that all community groups are anxious about. What we know is that for farmers who grow raw leaf tobacco, there's a registration process, but for importers, there is no registration process. I think that everybody would like to be on the same level playing field, and that's an important part of Bill 186.

**Mr. Peter Tabuns:** Yes, but I'd like to know what the people said, who you talked to.

**Hon. Sophia Aggelonitis:** One conversation that I remember—I was meeting with a number of people. We spoke specifically about how children who are smoking on First Nations are dropping out of school to not only sell contraband tobacco or cigarettes to other young people—they're dropping out of school. This is not good.

We need to take care of our kids, and the way we're going to take care of our kids is, we need to get smoking out of their hands. We need to get cigarettes out of their hands, and that's what we're committed to doing.

**Mr. Peter Tabuns:** What did those First Nations leaders in this meeting—and since you were there and met them, perhaps you could tell us who was in attendance—say in response?

1600

**Hon. Sophia Aggelonitis:** What was said in a number of meetings is that it is really important that we get cigarettes out of the hands of our young people. At the end of the day, we know that it's easy for our young people to use their lunch money to buy cheap, illegal cigarettes in the province of Ontario. What this bill, Bill 187, is proposing to do is to stop that and put things in order: for example, the police seizure in plain view; for example, the registration when it comes to importers; for example, working with First Nations and having agreements with First Nations, working together in a collaborative way.

Again, at the end of the day, it really is about stopping our kids from smoking, and there are so many statistics. I don't think anyone in the House would argue with that point.

**Mr. Peter Tabuns:** I never intended to argue with the point. But so far, you haven't named a single person you've met with or a single band you've met with. You haven't told me what their response was to the information that you just gave me—information that I generally agree with. If you can't tell me who you met with and how they responded, I have to ask myself how genuine was the consultation, because generally, when I

meet with people and I suggest something to them, they will respond negatively or positively. They will say, "Okay, I can do that if, in turn, you can assist me in dealing with the consequences of that."

At any point, did First Nations say to you, "This could be problematic for some of the people on our reserve, and so we would like you to address the social problems or the lack of employment opportunities that might arise from this action on your part"? Could you answer that?

**Hon. Sophia Aggelonitis:** Mr. Tabuns, I think the important note is that, as Minister of Revenue, I've had the opportunity to meet with many of our stakeholders. The good news is that we also have a Ministry of Aboriginal Affairs that meets with First Nations on a regular basis. I think we have committed that we will get you a list of some of our stakeholders and when we met them. We'll get that to you.

**Mr. Peter Tabuns:** Okay. You still haven't told me what the response of the First Nations stakeholders was.

**Hon. Sophia Aggelonitis:** Again, in the many conversations that we've had with a variety of stakeholders, when it comes to Bill 186—Bill 186 is about making sure that we help kids stop smoking. We have a number of initiatives in Bill 186, which is being debated in the House. We are encouraged, and hopefully we will have support from all three parties to move forward with this.

**Mr. Peter Tabuns:** So you can't tell me what their response was. Can you tell me which other stakeholders you consulted with on this bill?

**Hon. Sophia Aggelonitis:** Again, Mr. Tabuns, as Minister of Revenue, we meet with so many different stakeholders. We've met with people who are in not only First Nations but doctors. We've met with groups that want to stop contraband tobacco, groups that want to stop smoking. There's a number of stakeholders that we've met with, and I'd be happy to get you a list of some of those stakeholders.

**Mr. Peter Tabuns:** Did you meet with tobacco companies?

**Hon. Sophia Aggelonitis:** I've met with a number of stakeholders. Like I said, I would definitely get a list for you of some of the stakeholders that I met. We have met with Michael Perley of the Ontario Campaign for Action on Tobacco. He has been extremely positive on our Bill 186. He believes that it is a right step in the right direction. So I have met with him.

**Mr. Peter Tabuns:** And have you met with tobacco companies?

**Hon. Sophia Aggelonitis:** Off the top of my head, Mr. Tabuns—I will have to go back and look at the schedule, but I know we've met with a lot of stakeholders.

**Mr. Peter Tabuns:** You've met with the Ontario Campaign for Action on Tobacco. You should know that I worked very closely with them when I introduced a smoke-free bar and restaurant bylaw in Toronto in the 1990s, so I'm very familiar with them, the Canadian Cancer Society and many other anti-smoking activists. I think the work they're doing is critically important to the well-being of our society, and I'm glad you met with them.

Who else did you meet with? I haven't gotten anything firm on First Nations, but I look forward to seeing the list. You've met with OCAT; that's good. You haven't answered my question on whether you met with tobacco companies. Are there any other stakeholders that you sat down with?

**Hon. Sophia Aggelonitis:** Mr. Tabuns, again, we meet with a number of people in the Ministry of Revenue, and I would be happy to provide you with the specifics that you're looking for.

**Mr. Peter Tabuns:** Okay, so you will give us a list of the stakeholders that you met with in consultation on this bill?

**Hon. Sophia Aggelonitis:** Deputy, if you can just add to that?

**Mr. Steve Orsini:** There's probably a number of groups that have written submissions, so on the contents of the bill itself—as the minister pointed out, it's legislation. We did not share copies of the legislation to consult on that. It goes before the House for its consideration.

But we have met with different groups, and they put forward ideas, questions and issues. The tobacco strategy advisory group—I think it's TSAG for short—actually wrote a report in the fall that had a number of recommendations. Some of those found their way into Bill 186, maybe not exactly as they were put forward, but somewhat consistent to some of the recommendations in that report.

Part of our consultations is to hear their questions and to get feedback and ideas. They go into a review process and then the government brings forward a bill. The bill itself creates a platform for further consultations and engagement with First Nations, giving the minister, for the first time, the authority to share information and enter into agreements with First Nations.

This is the sixth of eight years where measures have been introduced, so if groups have additional ideas to bring forward—again, when we engage different stakeholders, including First Nations, they bring their ideas forward—the government will again go through a review process, and if so inclined will bring forward further legislative changes. It's an evolutionary, ongoing process; it's not a beginning and end, so consultations will continue.

**Mr. Peter Tabuns:** So are you meeting with First Nations now?

**Mr. Steve Orsini:** Yes.

**Mr. Peter Tabuns:** Who, and what are the issues that are coming up?

**Hon. Sophia Aggelonitis:** Again, Mr. Tabuns, I'd be happy to give you a list of—I don't have my schedule in front of me, but we will provide you with a list.

**Mr. Peter Tabuns:** And can you tell us when you'll be able to provide us with that list?

**Hon. Sophia Aggelonitis:** I would say shortly.

**Mr. Peter Tabuns:** So before the House rises?

**Hon. Sophia Aggelonitis:** Shortly.



**Mr. Peter Tabuns:** Can I interpret that as “before the House rises”?

**Hon. Sophia Aggelonitis:** I say “shortly.”

**Mr. Peter Tabuns:** I think we’ve canvassed that issue. I don’t have further questions at the moment, Chair. I’m willing to cede the floor to the Liberals.

**The Chair (Mr. Garfield Dunlop):** Okay. I think we’ve agreed to go back to the official opposition.

**Ms. Lisa MacLeod:** Chair, I just have a quick question with respect to the Rideau Carleton Raceway and the fact that the government earlier today decided that they would allow gaming tables other than slots to operate. I’m wondering what your projected revenue in Ontario is for these card tables at racetracks like the Rideau Carleton Raceway and what your projected revenue is for online gambling in the province of Ontario.

**Hon. Sophia Aggelonitis:** Thank you, Ms. MacLeod. Unfortunately, at this time that answer would have to be something that the Ministry of Finance, which does financial reporting for the province of Ontario and provides estimates and forecasts, would be able to answer more fully.

But, Ms. MacLeod, I did want to also mention—you said this morning that I wasn’t answering your questions, and there are two responses with which I really would like to respond to you, because I didn’t have those answers for you. If you would like me to respond now?

**Ms. Lisa MacLeod:** Sure.

**Hon. Sophia Aggelonitis:** The one question you asked me was, what is the cost of running the land and marine fleet in Ontario? The answer to that is, in 2010-11, the operating cost for gasoline, repairs, insurance and maintenance for vehicles was \$594,764.

Then you asked what is the revenue generated by the land and marine fleet, and the response to that is that we do not collect that information. Revenue is not tracked based on fleet vehicle usage.

**Ms. Lisa MacLeod:** Okay.

My question this afternoon effectively was what the government’s revenues were for the OLG and what impact it would have as a result of the online gaming and introducing these gaming tables in my community at Rideau Carleton Raceway, and what impact it would have. Since I won’t be receiving a response on that until the Minister of Finance appears, my colleague Mr. Bailey has a series of questions.

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**The Chair (Mr. Garfield Dunlop):** Mr. Bailey?

**Mr. Robert Bailey:** Thank you, Minister, for being here. I had a couple of questions about the implementation of the HST and the impact that would have on energy bills, home heating and electricity bills. Were any estimates done prior to the implementation of the HST, and if so, could you share those numbers with us?

**Hon. Sophia Aggelonitis:** Thank you very much, Mr. Bailey. In regard to the specifics of your questions, that would definitely be something that the Ministry of Finance would be able to review. The Ministry of Finance is responsible for financial reporting in the province of

Ontario, estimates and forecasts. The Ministry of Revenue administers the acts. We do compliance. We believe that having a strong compliance and auditing process is important because people pay taxes and we want to make sure that people are paying taxes, because those are the taxes that fund our great-quality health care and our education system.

**Mr. Robert Bailey:** Second question: The Premier or the Minister of Energy at the time said in the House that he estimated that energy prices would only increase by 1% because of the Green Energy Act, and now they’ve admitted that they’re going to go up a minimum of 46%. Did someone do estimates on the increase in the HST which would be generated from the increase? Were the actual predictions from the minister and the Premier himself that they were going to go up 46%? Has someone done those kinds of numbers or is that something that your department tracks?

**Hon. Sophia Aggelonitis:** In regard to questions specific to energy, it would be the Ministry of Energy, Minister Duguid. But I think what is really important to note is that we know that it is important for the people of Ontario, when they flick on the switch, that there are lights. It’s important for us to make those investments in our electricity system. What we have done in the Ministry of Revenue and with the Ministry of Finance is provide the Ontario clean energy benefit to help with electricity costs, as well as the Ontario property and energy tax credit and the northern energy tax credit.

**Mr. Robert Bailey:** Third question: What was the budget for the Ministry of Revenue, for your department? What would it be? I don’t have my book here with me.

**Hon. Sophia Aggelonitis:** I can ask the deputy to answer the specifics, but I will say that it gives me a good opportunity to talk about the Ministry of Revenue and all the great work that is done in the ministry. We’ve got a number of wonderful staff who do an extraordinary job. I would like to thank them for the work that they continue to do. They’ve implemented one of the largest tax changes in the province of Ontario that we have seen in decades. I really congratulate all the hard work that they’ve done.

Deputy?

**Mr. Steve Orsini:** In our estimates, the total operating and capital expenses to be voted on for 2011-12, rounded up, are \$2.3 billion.

**Mr. Robert Bailey:** So that’s what it costs to run the department?

**Mr. Steve Orsini:** That’s the total amount. That includes benefit programs—for example, the sales tax transitional benefit, which is a large part of that. If you excluded those benefit programs such as the \$400 million that was given to small businesses as part of the transition to the new sales tax system and the sales tax transitional benefit, you’re getting back closer to \$600 million to \$700 million. There are some other benefit programs: our GAINS program, our OCCS program for kids. These are seniors’ benefits and children’s benefits that the ministry delivers. So I’ll need to look at exclud-

ing those benefit programs and get you a number that just deals with the operations of the ministry.

**Mr. Robert Bailey:** I guess my point was that for spending, say, \$600 million or \$700 million to run the department, when we're trying to find estimates of what HST is collected, I would think that we could put some staff time towards doing that so that when the minister comes before estimates, he or she would be able to provide those numbers to the parliamentarians that are representing their constituents and asking those kinds of questions.

I don't know whether you want to respond to that or not, Minister.

**Hon. Sophia Aggelonitis:** Mr. Bailey, again, I do want to say that the Ministry of Revenue has many, many fine individuals who work extremely hard. We have implemented one of the largest tax programs in the province's history. It's taken a lot of work from these individuals, and I think they've been doing a very good job.

**Mr. Robert Bailey:** The power exports that we do when we have surplus power—I'd like to know, is there HST charged to jurisdictions like Quebec or New York, wherever we would be selling surplus power? Would they pay HST back to Ontario, to the Ministry of Revenue?

**Hon. Sophia Aggelonitis:** Let me let the deputy answer that.

**Mr. Steve Orsini:** Generally, all products and services that are exported are exempt—in general. When you get down to specific fact-type situations, it's really like a CRA assessment, but that's something we could follow up. But in general, exports—this is one of the benefits of the sales tax reform: It removes tax on our exports, embedded tax, and also ensures that there's no tax on elements that are part of our exports.

**Mr. Robert Bailey:** Do you have anything else, Ms. MacLeod?

**The Chair (Mr. Garfield Dunlop):** Nothing else?

**Mr. Robert Bailey:** No.

**The Chair (Mr. Garfield Dunlop):** Okay, thank you. We'll now go to the government members for 20 minutes.

**Mr. Bob Delaney:** Welcome back, Minister.

I'd like to spend a few minutes discussing a benefit of the tax reforms that's very often overlooked in the discussion. In our discussions of the implementation of a value-added tax—because that's actually what we have. We have the same type of tax that is found in 140-plus jurisdictions around the world, just to put some scale on it, as I'm sure the minister will comment in her turn. There are very few places on the planet Earth that don't have a value-added tax implemented. Among the most prominent ones I know are sub-Saharan Africa, Burma, there's one other country somewhere in Asia, I think Venezuela and the United States.

To again put a little bit of scale on it, the United States, sooner or later, will have its chain yanked by its creditors and will be told to do just this, because having the completely insane commodity tax regime that it does,

the United States is losing its competitive advantage to places that implement a value-added tax, such as Canada.

In the course of doing this, what most people take a little while to grasp, because it takes almost a year or two of experience with it, is to sort of look at this and say, "Hey, wait a minute now. I'm actually saving money here." When you implement a value-added tax, as I've told constituents in my riding, the way to look at it is this: By the time you've bought everything you normally buy, by the time you've paid all the bills you normally pay and by the time you have filed your taxes and claimed your credits—in other words, the whole cycle—for about 93% of people, there will be a little bit more money in your pocket. Some things will go up, many things will come down, and you're going to have tax credits. In the most recent budget, the province has announced it will spread them out so that they come as a monthly payment to you such that there isn't just a windfall in May and it isn't a feast-and-famine cycle. You'll get the tax credits that you've claimed in a regular stream monthly.

**1620**

One thing that I did—you can correct me if my math is a little bit off. I'm assuming that I'm looking at a typical senior couple who have pension income somewhere in the neighbourhood of \$35,000 to maybe \$45,000 or \$50,000, and they live in a home that they own. So they would be eligible for the \$1,000 transition payments. What is a \$1,000 transition payment? It says that in the year that a value-added tax is implemented—and that value-added tax is called the HST, but I'm going to refer to it as the same thing that the rest of the world refers to it as: a value-added tax. That \$1,000 transition payment pays 100% of the HST on \$12,500 worth of purchases that were not taxed before.

That same senior couple are eligible, for the first time, for the new permanent sales tax credit, which is \$260 per year—just claim it and it's yours. So that's \$520 for the two of them, which pays 100% of the tax on \$6,500 worth of purchases that had not been taxed before.

Right at the moment, we're looking at all of the HST having been paid on around \$19,000 worth of purchases of goods and services that had not been taxed before, and this would cover your prototypical haircuts and your educational programs, and it would cover your accounting fees, and it would also cover the taxes that you pay on energy that had not been paid before.

Over and above that, at \$19,000 worth of purchases that had not been taxed before, a senior couple are eligible for up to \$1,025 of energy and property tax credit, which represents 100% of the tax on \$12,812.50 worth of purchases that had not been taxed before. Should they be eligible for the homeowner's tax credit, which could be up to another \$500, there is an additional \$6,250 worth of purchases that had not been taxed before. So that senior couple, hypothetically, could be eligible for in excess of 100% of all of the HST that they pay on \$36,000 worth of goods and services that had not been taxed before.

Earlier, the member for Nepean–Carleton had asked with regard to the impact of the HST on Ontario seniors.



To quote the question that she had tabled, she said, "What does the average senior in Ontario pay in HST?" Answer: nothing. Interesting. In fact, the average senior on a fixed income, on a low to moderate income, comes out ahead, and that's just a very rough ballpark estimate. That does not include the permanent cuts to that senior couple's income taxes. In fact, in the \$35,000 to \$45,000 bracket, there's a very good chance that they may not pay any income tax at all, but it's still—obviously, to claim the tax credits—worth filing.

As well, roughly five sixths of all of the things—goods, services, products—that you buy were before and are now subject to taxes totalling 13%. We had a 5% goods and services tax when we still had the old, archaic, obsolete, expensive provincial sales tax, and today, with an 8% harmonized sales tax portion on what is now a federal tax of 13%, the total comes out the same, except that when this hypothetical senior couple are going to the store to buy the things they normally buy—and that includes, for example, some of the things that I referred to this morning when I talked about my experience with a contractor. If they're paying somebody to come in and shovel snow or do gardening or landscaping, they can deduct all of that HST against those tax credits. So it also takes into account the fact that the manufactured products that people buy now are not taxed and re-taxed and re-taxed and re-taxed.

I'm reminded of a meeting I had with one of the auditors who comes out and helps us in the annual budget breakfasts. He used to be a tax guy with Deloitte and Touche. As just a little aside, he said, "Boy, you've got to be really up in the hierarchy at Deloitte's to come in and do the Ontario budget," and, of course, we've got him in to do the Ontario budget. So he said that he would come in and some of his old colleagues look at him and say, "Hey, Paul, what are you doing here?" And he says, "I've been invited." I guess in the pantheon of tax accountants, that's status. I say, good for him, because he always offers us a very clear, informed and unbiased commentary at the budget breakfast every year.

One thing that I mentioned in one of the earlier rounds that he did the year that we brought it in, in 2009, is, as he was doing his taxes for his clients, Paul did a pro forma pre- and post-HST implementation. He was just stunned at the amount of tax that his clients saved, and when he factored in the reduction in corporate income taxes as well, he said that just for doing the same things that they did the previous year, which was a recession year—just for doing exactly the same business volume, many of them were not only profitable, but significantly profitable. I think this is one of the things that it's going to take a couple more cycles for people in Ontario to grasp, that getting rid of this Cold War relic of a provincial sales tax, whose net effect, particularly in goods, was to tax and re-tax and re-tax and re-tax, is going to have a huge positive effect, which of course we can see in employment levels now.

Would you like to give me a little bit of a commentary on the refundable tax credits? Talk to me a little bit about the impact to seniors in general.

**Hon. Sophia Aggelonitis:** Well, thank you very much, Mr. Delaney. You made some really great points.

One of the issues that you brought up was the Ontario Trillium benefit. I think it's really important to not only state here, because today we did vote on the budget in the House, but the Ontario Trillium benefit is really important, especially when we do talk about seniors.

I'd like to just read this into the record.

"As part of Ontario's tax plan for jobs and growth, the government is providing \$1.4 billion annually in enhancements to assistance provided through the refundable Ontario sales tax credit (OSTC), Ontario energy and property tax credit (OEPTC) and northern Ontario energy credit (NOEC), for a total of \$2.4 billion each year.

"The government has introduced changes to better match the payment of these credits to when people incur expenses by paying these credits earlier and on a quarterly basis, instead of paying them in a lump sum after people file their income tax returns.

"The province proposes to take the next step in transforming refundable tax credits by introducing the Ontario Trillium benefit.... To better align the timing of the assistance with the expenses that people face, the payments of these three credits would be combined and delivered on a monthly basis. More frequent and predictable benefit payments would help low- to moderate-income families and single people better manage their household budgets."

For example, if there was a senior couple with an adjusted family net income of \$35,000, paying \$1,200 per month in rent, they would receive a total of \$984 from the Ontario sales tax credit and the Ontario energy and property tax credit over eight payments. Under the Ontario Trillium benefit, the couple would receive 12 equal monthly payments. Currently it would go from \$37 in August; \$209 in September; nothing in October; in November, \$37; in December, \$209; in January, nothing. So it's going to change.

If we took this example, the Ontario Trillium benefit would mean that from July to June of the next year, they would receive \$82 each and every month. On a monthly basis, they would know how much money they were getting. I think that's key. It's helpful for household budgets when you know the amount of money that is coming in. That's why we're very proud of the Ontario Trillium benefit, so thank you for allowing me to speak about that.

1630

**Mr. Bob Delaney:** So in effect, particularly as regards energy, that could be half of one of your bills every month, and that's just your refundable tax credit.

**Hon. Sophia Aggelonitis:** Correct.

**Mr. Bob Delaney:** Okay. I hope we've put on the record something that clears up a popular misconception.

One of the things that struck me is, having implemented it and once people have gone through a cycle—let anyone propose to change that by saying, "Oh no, no; we're going to abolish the HST." I think people would just tear them apart because, among other things, it would cause prices to rise at the retail level and would destroy

that evening-out process whereby people would get that regular cheque that, when it comes in, enables them to make that one payment. It's going to represent all of the tax on a certain proportion of their purchases. Basically, you sort of figure that if 83% of things that you normally buy—goods, services and whatnot—had previously been subject to both taxes anyway, what you do in effect is you look at your savings and multiply by six, because 83% is about five sixths. The break-even point comes exactly where the budget documents say it should, at about \$160,000 a year. Below that, you're ahead; above that—this is household income—you pay a little bit more.

I know in my own case, I went downstairs—I'm kind of meticulous; I keep my bills and whatnot for several years—and I looked at the way in which my utility bills have changed. And just as predicted, I'm paying about as much in electricity this month as I did last year at this time, almost to the penny.

I would just like to ask you at this point: Among the things that you have been asked, are there any comments you'd like to add that you didn't have time to add on some of the things that my colleagues have talked to you about?

**The Chair (Mr. Garfield Dunlop):** You have three minutes and 30 seconds.

**Hon. Sophia Aggelonitis:** I think what is really important to put on the record are some of the success stories that we have heard. When I say "success," I mean the jobs, because this is all about jobs. I would like to put on the record some really good examples of jobs just last month, in April, if I could.

We've seen Christie Digital Systems Canada in Kitchener creating 50 new jobs and supporting 53 existing positions by developing new digital projection technologies. We've seen Warren Industries Ltd. in Concord; they're an auto parts manufacturer. They're creating 66 new jobs and protecting 20 existing positions. Silfab Ontario Inc. in Mississauga is a new solar manufacturing plant; they're creating 71 new jobs and they will be employing up to 200 people once they're at full capacity. Digital Extremes in London, Ontario, a great city, is developing a "3-D evolution game engine." They're creating 30 new jobs and protecting 53 existing jobs. Intergran Technologies in Toronto is creating 20 new jobs while supporting 29 existing positions.

This is a list of companies here in Ontario that are growing and employing people in Ontario. That's what the tax plan is all about. It's about the economy and creating jobs for Ontarians. I think the examples are shown here today. Thank you.

**Mr. Bob Delaney:** I guess that's it, Chair. I think we're done.

**The Chair (Mr. Garfield Dunlop):** Okay. Thank you. That leaves us with about 16 minutes each in our final round with the time.

Mr. Bailey for the official opposition: You've got some questions and a comment.

**Mr. Robert Bailey:** Yes, I've got a couple or three questions, but I've got a letter here from Ms. MacLeod's

riding. Ms. MacLeod can't be with us the rest of the session, but I will read this into the record for her. This is from one of her constituents. I'm not going to identify the constituent. I think she's going to write a letter to you, and I'd rather that she do that than me identify this. But what this says is:

"Lisa:

"Further to our conversation this morning at church, my mother, who will be 95 years young in August, is institutionalized at P.D. Clark, a beautiful premises that is run by the city of Ottawa, and for that I am truly grateful to the city. Mother suffers from vascular dementia and is kept in a chair in the daytime for her own safety, being unstable on her feet, so that she does not fall at night again. (In September 2008, she had a huge head wound while going to the restroom.)

"I have employed for the past two and a half years a sitter to help her. The cost for this individual is \$20.10 an hour for nine hours, 10 p.m. to 7 a.m. This sitter sleeps most of the time but must get up in that period to check on her. The cost for this is \$2,532.60 plus \$329.24 in HST for a two-week period. Time and one half is paid for holidays.

"By hiring this help, we are keeping my mother out of the acute care hospital with head injuries or broken bones, which would cost the government through the health care system much more for her care. This is our choice to keep her safe, and the initial cost we fully accept, but to add an HST tax to this amount is criminal"—exclamation mark five times. "In a year, this tax comes to \$8,560.24. To do this to seniors who have supported both the provincial and federal governments all these years is pathetic. I understand that if registered staff were hired, the HST would not be collected, but in looking into that cost, it was not possible for my mother.

"Thanks in advance for looking into this for me, Lisa, and this letter may be passed with my permission to anyone who will listen and get some results for seniors."

I guess my question on behalf of Ms. MacLeod is, is that in fact the case that these seniors would have to pay the HST, and do you see the point that the loved one who's looking after her mother is making? They're keeping her out of the institutions where it would cost the system a lot more money. The system is overcrowded now. Do you have any comments on that, Minister?

**Hon. Sophia Aggelonitis:** Of course. First, Mr. Bailey, thank you very much for reading that letter into the record.

I want to say that I think we all agree that we're all here in this place to make life better for Ontarians. While I cannot specifically answer that letter, I really look forward to receiving that correspondence from Ms. MacLeod and commenting on it. But we really want to make sure that the tax package that we have available is good for all Ontarians. I look forward to getting that letter.

**Mr. Robert Bailey:** It seems like this individual—Mr. Delaney was going on about that, at the end of the day, there was zero-sum gain, but apparently these folks don't



feel that way. After you respond to them, they might feel differently. Anyway, that's not their feeling right now.

I had a couple more questions. Because of the merger of the two taxes when the federal and provincial revenue departments went together, could you give to me at this time, or if the deputy knows, how many original Ministry of Revenue tax collectors are now working for the federal government and how many are still employed by the province itself? Does someone have those numbers?

**Hon. Sophia Aggelonitis:** Thank you for that question, Mr. Bailey, and I will ask my deputy to state more specifically.

In your previous question you talked about the Ministry of Revenue and some of the things that we do in the ministry. I want to just put on the record some of the things that we deal with. One is the compliance programs that I spoke a little bit about. Compliance programs really play a key role in promoting public confidence in the fairness and integrity of Ontario's tax system.

1640

Our programs direct and execute excellence in the audit function using risk-based techniques, modern technology and best practices. This program also provides high-quality, effective investigations and inspections. Also, we partner with other ministries, agencies and the broader public sector to provide technical services, including forensic data recovery and forensic accounting.

We also have the operations of the Ministry of Revenue, and the operations division focuses on operational and service delivery: benefits, administration, revenue collection and the implementation of current transformational projects, like the ONT-TAXS project office. Our operations program supports the administration of tax statutes, as well as a number of tax incentive and benefits programs. It also encourages compliance through taxpayer services. It provides remittance, data and image capture and revenue accounting operation services. The program also maintains data integrity in sustaining an efficient tax administration system and collections function for all Ministry-of-Revenue-administered tax statutes, and it provides support to fiscal policy formation in determining tax incentives and benefit programs.

We also have the tax administration policy and partnerships. This division is responsible for strategic management services, relationship management and business development, and tax advisory services and tax appeals. This program, specifically, oversees the ministry's strategic management services, develops proactive and effective tax administration policy that supports the government's competitive business environment and Open for Business priorities. It also manages interjurisdictional relationships, joint initiatives, and monitors the related service providers. It explores new opportunities for transforming tax and program delivery, and it also provides service excellence in the tax advisory and tax appeal functions, to name a few.

Your question in regard to the number of individual employees, I'll ask the deputy to comment on that.

**Mr. Steve Orsini:** So both the federal government and Ontario negotiated a human resource agreement. As part

of that agreement, the CRA has agreed to make job offers to all what we call "HST-impacted employees," and that's 1,253 positions. That's the total number of positions the CRA has agreed to make job offers to.

To date, which I think is your question, 104 in the first wave have actually transferred to the CRA. The reason why the second wave, the majority, will flow by March 1, 2012, is that those employees are vital to continue to wind down the RST. The idea is to keep those vital staff on board to ensure a smooth transition from the old sales tax system to the new one. They're still here dealing with the old sales tax cases.

**Mr. Robert Bailey:** Okay, so at the end of the day, for all intents and purposes, there will be no provincial employees that would be the former tax collectors—there would be none of those left at the end of the day?

**Mr. Steve Orsini:** Sorry. As the minister said, there are 12 tax statutes that the Ministry of Revenue will continue to administer: the land transfer tax, the employer health tax, the fuel tax, gasoline. So there are a number of tax statutes—

**Mr. Robert Bailey:** Some people will stay to do that?

**Mr. Steve Orsini:** Yes.

**Mr. Robert Bailey:** Okay. That's a good answer. Thank you.

I guess the second question was, could you give us some idea here—if you have the numbers, or if you can't give it today, if you could commit to getting those numbers to me—can you tell me, at the end of the day, how much total severance was paid into the transfer of the jobs from the one level of the government, from the province, to the feds? Is that a number that we have, or an estimate?

**Mr. Steve Orsini:** Until all of the positions have transferred, we wouldn't have a final number, but that's something that we would get back to you.

**Mr. Robert Bailey:** I have nothing further.

**The Chair (Mr. Garfield Dunlop):** Okay. That's it for the official opposition.

Mr. Tabuns, you now have—

**Mr. Peter Tabuns:** No further questions.

**The Chair (Mr. Garfield Dunlop):** You don't have any either? Okay—

**Mr. Bob Delaney:** Would the minister like to make any closing comments?

**Hon. Sophia Aggelonitis:** Well, thank you. Yes, I would, if I could. Just a few comments—

**Mr. Bob Delaney:** Then I promise I won't.

**Hon. Sophia Aggelonitis:** Okay. First, I just want to begin by thanking all the committee members both for your time and for the comprehensive look that you've taken at the 2011-12 estimates for the Ministry of Revenue. This has been an extremely valuable process which helps ensure accountability, transparency and openness. It's a process that I strongly believe in, and I thank you for the work that you've done here today.

As mentioned in my opening remarks, this has been an extremely busy year for the Ministry of Revenue. We've been working very hard to support the government's

priorities to strengthen the economy, boost Ontario's business climate and provide a better future for the people of Ontario. The ministry has been actively delivering on its benefit and tax credit programs and supporting modern, efficient public services in a number of ways: (1) administering efficient tax and benefit programs, (2) offering education and outreach to encourage voluntary compliance, (3) participating in enforcement activities to discourage non-compliance and (4) providing support for low-income Ontarians.

The Ministry of Revenue can be proud that it has delivered on its mandate. The revenues collected by the ministry are providing the fiscal foundation on which many of the government's programs are based. The various tax credit and benefit programs we administer are helping to support a strong social, economic and investment climate for Ontario.

I want to thank the committee again for their time. It has really been a privilege and an honour to be here.

**The Chair (Mr. Garfield Dunlop):** Thank you. You consider it a privilege and an honour being at estimates?

**Hon. Sophia Aggelonitis:** I sure do, Chair.

**The Chair (Mr. Garfield Dunlop):** Okay.

With that, folks, we have one vote to call. Shall vote 3201 carry? All in favour? We've got four in favour and two opposed. Okay, that carries.

Shall the 2011-12 estimates of the Ministry of Revenue carry? All in favour? Opposed? That carries.

Shall I report the 2011-12 estimates of the Ministry of Revenue to the House? Agreed? Disagreed? Okay, I'll report to the House.

That concludes the estimates of the Ministry of Revenue. Minister, thank you very much for your co-operation. To the deputy, thank you. To all the staff at the Ministry of Revenue, thank you very much. Have a great day, everyone.

We'll be here tomorrow afternoon at 3:45, or right after routine proceedings, for the Ministry of Government Services.

Thank you very much. The meeting is adjourned.

*The committee adjourned at 1648.*









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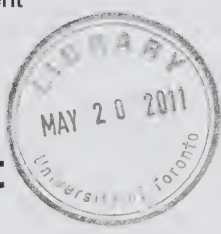
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**Legislative Assembly  
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Second Session, 39<sup>th</sup> Parliament

**Assemblée législative  
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Deuxième session, 39<sup>e</sup> législature



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**Journal  
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**Wednesday 11 May 2011**

**Mercredi 11 mai 2011**

**Standing Committee on  
Estimates**

**Comité permanent des  
budgets des dépenses**

**Ministry of Government Services**

**Ministère des Services  
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## LEGISLATIVE ASSEMBLY OF ONTARIO

## ASSEMBLÉE LÉGISLATIVE DE L'ONTARIO

STANDING COMMITTEE ON  
ESTIMATESCOMITÉ PERMANENT DES  
BUDGETS DES DÉPENSES

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*The committee met at 1553 in room 151.*

## MINISTRY OF GOVERNMENT SERVICES

**The Chair (Mr. Garfield Dunlop):** Good afternoon, everyone. Minister Takhar, welcome to the Standing Committee on Estimates. We are here today for the consideration of the estimates of the Ministry of Government Services for a total of seven and a half hours.

The ministry is required to monitor the proceedings for any questions or issues that the ministry undertakes to address. I trust that the deputy minister has made arrangements to have the hearings closely monitored with respect to questions raised, so that the ministry can respond accordingly.

Are there any questions anyone has before we start here?

For today, we will commence with vote 1801. We will begin with a statement of not more than 30 minutes by the minister—you have up to 30 minutes to make comments—followed by statements of up to 30 minutes by, first of all, the official opposition and then the third party. They have an opportunity to either make a long statement or they can ask a bunch of questions. Then, Minister, you have the final 30 minutes to make a rebuttal to anything that might have been raised. If you don't want to use that time, it would go directly into 20-minute rotations, starting with the official opposition. Then we'll finish up with equal time after that.

With that, Minister, welcome, and you have the first 30 minutes to make an opening statement.

By the way, welcome to all the staff from the Ministry of Government Services as well. We appreciate you being here today.

**Hon. Harinder S. Takhar:** Thank you, Mr. Chair. Good afternoon, everyone.

I'm here to support our budget estimates, but I really see this as an opportunity to tell you about all the good work that is being done at the Ministry of Government Services and ServiceOntario on behalf of all Ontario residents.

With me today on my right is MGS Deputy Minister Ron McKerlie. On my left is ServiceOntario Deputy Minister Bob Stark. I also have staff sitting at the back, so I think we'll probably be able to answer most of the questions that you may have.

I'll start with a more general overview of MGS activities and then focus on specific areas such as I&IT,

human resources, accountability, procurement, diversity and the green office. Then I will move on to ServiceOntario, the government's foremost provider of services to the residents of Ontario, and talk about the great strides we have made in service delivery over the past few years, particularly in the year since I was last before this committee.

MGS was created in 2005, incorporating the former Management Board Secretariat and the Centre for Leadership and Human Resource Management. In the past six years, MGS has undergone a significant transformation. Many enterprise-wide functions have been transferred from other ministries to us, in areas such as human resources, I&IT services, Ontario Shared Services and ServiceOntario.

MGS functions as both a public-facing line ministry, through ServiceOntario, and an enterprise organization responsible for supporting the Ontario public service's workforce of some 67,000 employees, and supporting 27 ministries as they implement key government priorities.

We issue birth, death and marriage certificates. We staff 87 ServiceOntario locations, have 71 self-service kiosks, 54 land registry offices and eight telephone contact centres. We currently manage contracts for 205 privately operated ServiceOntario centres and deliver health card services at approximately 110 health card outreach locations.

MGS also carefully preserves Ontario's rich history through the Archives of Ontario, now located at its new, modern facility at York University.

MGS is responsible for building the best public service in the world, in order to deliver the government's commitment to being a responsive and innovative leader in public and customer service. Whether in Toronto, Ottawa, Windsor, Kingston, Thunder Bay or another city or community in this great province, the work of MGS impacts the lives of all Ontarians.

The 2011-12 estimates: The operating and capital expenses budget for the Ministry of Government Services for the fiscal year 2011-12 is \$2.42 billion, an increase of approximately \$214 million over the last fiscal year. The increase largely reflects additional employee pension and benefit costs of \$241 million as a result of the updated valuation of retiree benefits. This increase was offset, in part, by savings across the ministry, reflecting the government's ongoing commitment of delivering top-quality public services to Ontarians in a fiscally responsible manner.



The ministry's estimates reflect its focus on providing simple, seamless and personalized services to the public and focusing on excellence in people, processes and technology in its employer and enterprise role. The Ministry of Government Services is uniquely positioned as an enterprise ministry to deliver efficient and effective services to the public and to the other ministries.

Financial restraints: The Ministry of Finance recently reported that Ontario's economy is turning the corner, marked by six straight quarters of economic growth, higher business investment and regaining 93% of jobs lost due to the global recession.

The deficit for 2010-11 is projected to be \$16.7 billion, \$3 billion lower than the forecast a year ago. This is largely due to the fact that program expenses for 2010-11 are projected to be \$2.6 billion lower than the forecast published in the 2010 budget.

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To help eliminate the deficit without threatening economic growth, the government is reforming the way it does business. Recent initiatives and those announced in this budget would help realize savings of nearly \$1.5 billion over the next three fiscal years. There are several new measures that would make public services more affordable and effective for Ontario families, including:

- instructing major agencies to deliver efficiencies of \$200 million by 2013-14;

- reducing funding permanently for executive offices of specific transfer payment recipients by 10% over two years. This policy will also be put in place for major government agencies;

- reducing the size of the Ontario public service by an additional 1,500 positions between April 2012 and March 2014. This is in addition to the reduction of some 3,400 full-time OPS employees by April 2012, as announced in the 2009 budget; and

- determining whether the current ServiceOntario delivery model provides the best value and services to people.

Last year, the Public Sector Compensation Restraint to Protect Public Services Act, 2010, received royal assent. The act extended the existing freeze on the salaries of members of provincial Parliament from one to three years, froze the compensation structure for non-bargaining political and Legislative Assembly staff for two years, and froze compensation structures in the broader public sector and the Ontario public service for two years for all non-bargaining employees.

Over the two-year period, restraint measures in the act will help redirect up to \$750 million towards sustaining schools, hospitals and other public services.

Statistics Canada data shows that Ontario has the lowest number of provincial public servants per capita, compared to other provinces. Ontario also has the lowest expenditure per capita on general and government services. Total current expenditure per capita was \$7,339 in 2008-09, lower than any other province.

Accountability: On December 8, 2010, the government passed the Broader Public Sector Accountability

Act, which brings a higher level of accountability and transparency to organizations in the broader public sector, including hospitals, universities, colleges, school boards and others. It also extends coverage of the Freedom of Information and Protection of Privacy Act to Ontario hospitals as of January 1, 2012.

The BPSAA brings a higher level of accountability and transparency to organizations in the broader public sector, the BPS. The act applies to designated BPS organizations, including hospitals, school boards, universities, colleges and publicly funded organizations that receive \$10 million or more in public funds.

The BPSAA brings in new rules and consistent accountability standards for the broader public sector, including:

- a ban on using public funds to pay for consultants and lobbyists;

- new directives setting out rules for procurement and expenses, including prohibiting the reimbursement of meal and hospitality expenses for consultants and contractors; and

- requirements specific to hospitals and local health integration networks, which are normally called LHINs: for example, reporting and publicly posting expense information; reporting on the use of consultants and attesting to compliance; and bringing hospitals under freedom-of-information legislation.

This is a strong indication of the government's commitment to enhancing openness and transparency in public sector organizations.

In the past year, the government, through MGS, has taken several steps to strengthen accountability, transparency and oversight of expenses. In April 2010, the government launched a public website for posting expense information for expenses claimed and approved, beginning by cabinet ministers, parliamentary assistants and political staff. The information is available to the public on the government website [ontario.ca](http://ontario.ca).

The website also links to the website of 22 of Ontario's largest agencies. These agencies must post expense claim information of their chairs and other appointees, chief executive officers, presidents and vice-presidents or equivalent levels, direct reports to CEOs and the top five claimants. Expense information for senior managers in government ministries are also posted on [ontario.ca](http://ontario.ca).

Also in April, the government revised and reissued the travel, meal and hospitality expenses directives, strengthening the accountability for reimbursement of expenses for government ministries and the 22 agencies required to publicly post expense information. Online training on the government's new expense rules is now mandatory for all staff who will be submitting or approving claims.

The government announced that it has accepted the recommendations made by Rita Burak in our December 2010 Report of the Special Advisor on Agencies. Greater efficiencies, service levels and accountability will result from the implementation of these recommendations. The government also announced its plan to reduce the number of government agencies by 5%.

The Adjudicative Tribunals Accountability, Governance and Appointments Act—and it is normally referred to as ATAGAA—will be in full force by June 30, 2011 including all of the required regulations. The act ensures that the same rules apply to all adjudicative tribunals and that they are accountable, transparent and efficient in their operations by remaining independent in their decision-making.

I&IT: I'm proud to tell you that very recently we formally opened the government's new data centre in Guelph. The new facility will strengthen security and protection of sensitive and personal information. It will ensure that important government services such as health card, driver's licence and birth certification, as well as the OPP dispatch system, continue to be delivered with a high degree of availability and improved business continuity.

The new data centre is a critical component in the information technology infrastructure required to support essential services to Ontarians. The facility will strengthen service delivery by replacing several old data centres that are beyond their economic life cycle. The new data centre provided about 400 construction jobs during the peak of the construction project and created 30 new jobs in Guelph.

This new data centre is the IT backbone supporting programs delivered by all ministries and will ensure long-term stability and service excellence.

Consulting: The government of Ontario has tightened its policies on the acquisition and use of consulting services to ensure greater accountability and transparency in its procurement policies and processes. Consulting expenditures have decreased from \$656 million in 2001-02 to \$346 million in 2010-11, a reduction of \$300 million annually, or roughly 50%. Since 2003, 1,519 positions have been approved for conversion to replace work previously done by consultants, resulting in an ongoing annual savings of approximately \$64 million. Reducing our reliance on consultants will help provide the services Ontarians need in a more cost-effective and efficient way.

The government is reducing spending on consulting services by focusing on strengthening the Ontario public service's internal capacity and expertise.

The government's policies on the procurement of consulting services require all ministries and agencies to use competitive procurement processes when they acquire consulting services and a strict repayment of hospitality, incidental and food expenses for consultants.

The government has also introduced greater controllership by requiring ministerial oversight of non-competitive procurement of consulting services by ministries and agencies. These procurement policies apply to all ministries, agencies and non-classified entities, such as eHealth Ontario, the LCBO, the WSIB, Hydro One, Ontario Power Generation and the Ontario Lottery and Gaming Corp.

Let me talk briefly about the procurement side. On average, Ontario does business with over 45,000 suppliers every year, and approximately 92% of these are

located in Ontario. The government's procurement policies help deliver value, innovation and integrity to Ontario, and enable the delivery of modern and efficient public services to the citizens of Ontario. The Ontario government's procurement policies ensure that it obtains value for money by using open and fair competitive processes when it requires goods and services. Ontario vendors are highly competitive and are routinely selected through competitive processes to supply the Ontario government.

Since 2003, this government has introduced many changes to its procurement policies to strengthen transparency and accountability in the procurement processes.

In July 2009, a new procurement directive was issued reflecting the government's commitment to greater controllership and accountability in the acquisition of consulting services.

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Last month, a new procurement directive was implemented that, among other things, introduced minimum bid response times and a formal bid dispute process.

New rules were also announced that the Ontario government and all its agencies will not pay consultants for any hospitality, incidental or food expenses.

Consulting services are not the only commodity where government aggregates its spending power to get the best value for taxpayers.

MGS manages approximately 60 enterprise contracts, referred to as our "vendor of record" program or VOR program. The VOR program includes commodities ranging from food and clothing to volume agreements with Microsoft and Oracle.

The government procures almost \$500 million worth of goods and services annually in this manner. Strategies such as regional participation ensure participation by small and medium enterprises.

Some examples of recent savings achieved through the enterprise VOR program are \$56,000 for general office seating; \$394,000 for a travel management company; \$2.2 million in rebates for our purchasing card program; and \$8 million in IT task-based consulting.

HROntario: HROntario was created in July 2008 to provide a more strategic approach to human resources management and to consolidate HR expertise and functions across the OPS into a more integrated enterprise service delivery organization.

HROntario provides HR services and supports to 67,000 public servants. HROntario is providing the enterprise policies, strategies, programs and services that enable the OPS to deliver quality public service and be an employer of first choice. It is providing corporate management policies to ensure an accountable and professional public service. It is promoting OPS transformation and service excellence.

We are attracting youth and new professionals through outreach activities and a number of employment programs. In 2009-10, we offered a total of 6,000 employment opportunities for youth and new professionals.

HROntario has implemented a number of initiatives to improve oversight, accountability and transparency, and



reaffirm the government's commitment to protect taxpayer dollars.

Freedom of information and protection of privacy: As you likely know, MGS is also responsible for the province's freedom of information and privacy legislation. We are taking steps to ensure that a citizen's right to know is foremost in considering requests for information and making more government information publicly available.

In April 2011, the office of the chief information and privacy officer and the Archives of Ontario were combined to form a new division, the information, privacy and archives division. This merger will strengthen our position to deliver the best possible services to the citizens of Ontario while maintaining our obligation to ensure a continued focus on access to information issues, as well as on privacy.

In December 2010, the government passed the Broader Public Sector Accountability Act, which, among other things, extends coverage of the Freedom of Information and Protection of Privacy Act to Ontario hospitals as of January 1, 2012.

These initiatives are in addition to earlier actions that included:

- the Public Sector Expense Review Act, 2009, which enables the Integrity Commissioner to review the expense claims of executives and senior managers of specified government agencies, boards and commissions, and to make an annual report to the Speaker;

- bringing publicly funded universities under Ontario's access and privacy legislation, June 2006; and

- bringing the energy sector, including Hydro One and Ontario Power Generation, back under Ontario's access and privacy legislation in 2005, and local public utilities back in 2004.

Let me talk a little bit about employers of first choice. The Ontario public service is arguably the most efficient, professional and cost-effective public service in Canada. As one of Ontario's largest employers within Canada's most populous and culturally diverse province, the OPS strives to be an employer of first choice. We are creating and maintaining a culture of learning and promoting new and diverse ideas and approaches.

Our employees make a real difference in the lives of Ontarians every day, from inspecting food and protecting the environment to making sure our roads are safe. Ontario's public servants are dedicated to providing modern public services and have a commitment to excellence that is unmatched.

We know there's always room for improvement, but it is gratifying to see that the hard work being undertaken in the Ministry of Government Services to date is being recognized.

The OPS has been chosen one of Canada's top 100 employers for the third year in a row, one of Canada's best diversity employers for the fourth year in a row, one of Canada's greenest employers for the second year in a row, a top employer for Canadians over 50, a top employer for Canadians over 40, and one of greater Toronto's top employers for the third year in a row, and was

recently acknowledged as one of the best employers for new Canadians. I'm very proud that the OPS has achieved these awards. It means we are moving in the right direction.

The Ontario public service provides programs, policies and services to 13 million people in what is widely recognized as one of the most diverse jurisdictions in the world, so the diversity is important.

To ensure that our public services are both relevant and excellent, the OPS is undertaking a three-year diversity study which will integrate diversity, accessibility and inclusion into the core businesses of the OPS. Diversity, accessibility and inclusion are a value-added proposition which aligns closely to government's role as a policy-maker, regulator, a service provider and an employer.

Within these roles, we aim to embed diversity in all OPS policies and programs, build a healthy workplace free from harassment and discrimination, reflect the public we serve at all levels of the OPS workforce and respond to the needs of a diverse population.

The OPS already has a number of national and international complements in the area of diversity, accessibility and inclusion.

Ontario is the first jurisdiction in the world to move from compliance waste legislation to a modern regulatory regime in accessibility.

Ontario is the only jurisdiction in the world to require a public and private sector organization to train their staff on accessible customer service practices.

Ontario is the only jurisdiction in Canada to legislate a comprehensive accessibility goal, and the first province in Canada to create a chief diversity officer for the public services.

The OPS has been named the best diversity employer four years in a row, in 2008, 2009, 2010 and 2011. These wins are providing an important boost to us as we continue on our journey towards diversity and inclusion.

Green office: The OPS has been recognized as one of Canada's greenest employers for the second year in a row. Canada's Greenest Employers award is part of Canada's Top 100 Employers competition conducted by Mediapro Corp Canada Inc.

This year, the award was given to employers across Canada who have focused on tangible goals to build environmental sustainability into their operations. The government has set a target of reducing its carbon footprint from direct operations by 19% by 2014 and will increase this target to 27% by 2020.

We have consolidated servers and will be reducing printing by 50% by 2012 through the elimination of more than 10,000 print devices, mandatory double-sided printing and greater use of electronic approvals.

These actions will result in a savings of 30.5 million kilowatt hours a year. That is enough energy to power 2,747 houses for a year. The Ontario government has also introduced desktop power management settings on all OPS computers, resulting in a reduction of 19 million kilowatt hours per year, enough energy to power approximately 1,700 hours for a year.

ServiceOntario: I would now like to turn my attention to ServiceOntario, which has evolved as the premier one-stop gateway to government services for Ontarians across the province. ServiceOntario has been very busy in the past year integrating some 300 locations around the province that now offer a full slate of services. As a result of that major modernization program, nearly 95% of all Ontarians are now within 10 kilometres of ServiceOntario centres. Some 12.7 million Ontarians are able to choose ServiceOntario for a variety of services, including work and marriage certificates, health cards, drivers' licences, licence plate renewals, fishing and hunting licences and other provincial services. In 2009-10, ServiceOntario facilitated about 46 million interactions on behalf of the government of Ontario, generating some \$2.5 billion in revenue.

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Today, ServiceOntario is recognized as the world leader in modernization of service delivery. Improvements will continue to come, all with the same goal in mind: making it easier for the people of Ontario to access government services. Improvements have vastly improved our service delivery network, especially in rural and remote areas.

In the year since I last appeared before this committee, I have attended dozens of openings of integrated full-ServiceOntario centres around the province. I can tell you first-hand that the response in these communities has been overwhelmingly positive. We are making it easier for Ontarians to get the service they need, when they need it and how they need it.

I would like to provide a little history behind ServiceOntario's great success story. In the early 2000s, a combination of higher demand, tighter security needs and various organizational issues made for long lines and wait times for even the most basic services. Much of this followed 9/11, which provided a wakeup call for more secure passports. This meant tougher standards and processes for documents used to get a passport, including birth certificates. Since the birth certificate is a foundation document used to get most other forms of identification, this sudden increase in demand and security made an already overburdened system much worse. The resulting pressure created a 20-week-long backlog on birth certificates.

In June 2006, the government approved the ServiceOntario modernization initiative, providing a mandate to establish ServiceOntario as the government's customer service retail arm. It meant providing services in ways that were faster and better than ever before. It recognized that citizens have higher service expectations of the government. It took hard work and some out-of-the-box thinking. It took a service revolution and a previously unheard-of government money-back guarantee. This meant offering the first-ever service guarantee for birth certificates processed and delivered from desktop to doorstep within 15 business days, or your money back. Since its launch in 2005, the service guarantee has been extended to marriage and death certificates as well.

Today, approximately 80% of all birth certificate applications are received online, and the guarantee is met more than 99.8% of the time. Customers can now renew their vehicular registration sticker online and have it delivered within five business days. Access to routine health card services has improved from 27 locations to almost 300 locations. In rural communities, access to routine health card services has expanded from about two locations to 163 locations. In northern communities, access to routine health card services has expanded from six to 67 ServiceOntario centres.

ServiceOntario has continued to make changes to modernize our service delivery and become a best-in-class customer-focused organization. Our customers want and need us to explore how to do more to provide the simple, seamless and personalized public services they demand. The organizational transformation we have already been through has shown us how change can help us better serve Ontario families and businesses by improving how we manage our work and resources.

**The Chair (Mr. Garfield Dunlop):** You've got a couple of minutes left, Minister.

**Hon. Harinder S. Takhar:** This is demonstrated by our ability to reduce wait times at the centre and increase overall satisfaction levels to 89%.

As successful as the improvements at ServiceOntario have been, we are not done yet; in fact, we have much more work to do. In the recent 2011 budget, the Minister of Finance announced that ServiceOntario will be examining other models of service delivery. We are only in the early stages of the review and have not even begun to examine alternatives, let alone make decisions. As I said, we have much more work to do to ensure that Ontario residents are getting the best and most cost-effective services possible.

In conclusion, I would like to thank the committee members for this opportunity to talk about the work being done at the Ministry of Government Services on behalf of all Ontarians.

**The Chair (Mr. Garfield Dunlop):** Thank you, Minister. That's just about perfect. Wow, you must have practised that a few times, eh? Sorry.

*Interjection.*

**The Chair (Mr. Garfield Dunlop):** We now go to the official opposition. You have 30 minutes for comments and/or questions. Mr. O'Toole.

**Mr. John O'Toole:** Thank you very much. I think the Chair is right.

**Mr. Yasir Naqvi:** Point of order: I just want to make sure Mr. O'Toole is using this year's estimates this time around: 2011-12.

**The Chair (Mr. Garfield Dunlop):** Okay. Thank you very much. That's not a point of order.

Mr. O'Toole, you have 30 minutes.

**Mr. John O'Toole:** Yasir will have his turn, I suppose.

I appreciate the staff's time that has gone into the preparation of your remarks. You've read them almost flawlessly, and certainly it's a good story. In that respect, I thank the public service for the hard work they do.



I guess, just dealing with a couple of things in the brief time here at the beginning, it's important to recognize the condition the province is in. You're a minister at the cabinet table and you'd have to take some responsibility for the outcomes as you measure them by the recent budget. You have a huge hole in the ground that mostly shows about a 20% deficit, if you look at all government spending and all government liabilities. You're basically in the same hole as the other Liberal member was, Bob Rae, once the NDP left the province: about 20% of the total spending was deficit. Yet when I look at it, you sort of trump—or at least to characterize your good achievements in such a positive light. But when you examine them closely, you find out that it's riddled with holes.

I don't want to blame the public service for getting the deals they've been able to get, whether it's at the negotiating table or other opportunities, but I blame the government. I blame you and Premier McGuinty for pretty well everything that's not working.

I would say that—

*Interjection.*

**Mr. John O'Toole:** Mr. Naqvi, if you start interrupting, you will have a very miserable time here at this committee, okay? So you stick to your knitting and I'll stick to mine. Okay?

**The Chair (Mr. Garfield Dunlop):** Okay, we'll—

**Mr. John O'Toole:** No, no, I want that cleared up right now. Any interruptions from that little twerp will—

**The Chair (Mr. Garfield Dunlop):** Okay, there will be no heckling at each other. Thank you. Go ahead.

**Mr. John O'Toole:** We'll leave it at that. Thank you very much.

*Interjections.*

**Mr. John O'Toole:** I would suggest to you that—

**Mr. Yasir Naqvi:** I was just called a name that I think is not appropriate.

**Mr. John O'Toole:** Well, that part I withdraw. You withdraw your remarks as well.

**The Chair (Mr. Garfield Dunlop):** Okay, he'll withdraw it. We can start here, and let's go—

**Mr. John O'Toole:** But when I look at this in clearness here, it's issues with respect to—where does one start? I guess today's question period is a good place to start. If you look at the Samsung deal, which was a secret contract, and you're trumpeting your procurement process as being open and transparent, that's just one example. I'll get to the questions with respect to—that's one example.

The next briefing notes I have would be today's clippings in the media: the secret deal with the Ontario Provincial Police as well, which has precipitated public sector outrage now in the city of Toronto to pay its police services. You have to take responsibility as the lead government in the province, setting the tone for wage settlements.

Then, if I drill down further, all I have to look at is the secret deal with the Ontario Public Service Employees Union.

When you say "transparency," you should mean it. I am so disappointed in your ability to be forthright with

this committee that I'm discouraged from asking you any specific questions, because they will be twisted in such a way that they have no relationship to the truth. That's the real issue here. If I was to ask you a question on the secret deal with the Ontario Public Sector Employees Union—I don't blame the union; they actually were victorious over you and your government—then you could say that it's some other ministry or that somebody else is responsible. The same as Premier McGuinty does every day in question period: He blames Stephen Harper or he blames someone else for everything.

You're the government. Ontario's in this condition, you're spending money and taxing people like there's no tomorrow, and you feel so enamoured by it and so celebratory about it. In fact, you have nothing to celebrate except that you've taken Ontario from first to almost last by spending our children's money. That's what you've done. You've doubled the debt and you've doubled your spending. Ask yourself: Is it any better?

If I look at ServiceOntario, as an example, even in my own riding, you haven't got the courtesy to even advertise the one in Port Perry as being open for business or celebrate it in any way. I don't even know where to begin, quite frankly.

You want to talk about the HR stuff, that you're victorious here: the employer of first choice. It should be the employer of first choice. You just open the door, give them a blank cheque and they sign it. That's what's happened with the OPP, that's what's happened with the Ontario public service, and I'm sure AMAPCEO is at the table now saying, "Look, where's our touch-up?"

I don't want this to ever be interpreted as a public service—I think they do a particularly good job, starting with the speech you delivered today. They do the work and you take the credit. Take the credit for the good, but also take the credit and responsibility for the bad.

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If I go into the Samsung deal—I see Mr. McNeely there; he usually reads what they tell him to read as well. I would say, when you look at the Samsung deal, it's the tip of the iceberg. It's an example—and I might start this, because I'll soon run out of time—

**The Chair (Mr. Garfield Dunlop):** No, you've got 25 minutes yet.

**Mr. John O'Toole:** There's a long way to go here.

I would say that a good place to start is the OPSEU deal. That's been the current thing. I spoke to lots of people in the media because they were concerned about this secret deal that was made. How much is that deal going to cost the people of Ontario? How much is that OPSEU deal, the bonus, going to cost the people of Ontario? Did you know the size of the cheque you were signing?

**The Chair (Mr. Garfield Dunlop):** Is that a question?

**Mr. John O'Toole:** Yes, that's the question.

**Hon. Harinder S. Takhar:** First, let me say that this is not a secret deal. Actually, all the information on this deal was given to the local presidents, who shared it with about 38,000 OPSEU employees. So if you share some-

thing with 38,000 employees, I'm not sure how it can even be termed as "secret."

Rather than me giving you the information, I'm going to ask my deputy minister or the person responsible for negotiating this to tell you the background behind the negotiations, why such side agreements are common in negotiations, because I think it's important for you to hear right from the people who actually negotiated the deal.

**Mr. Ron McKerlie:** For the record, I'm Ron McKerlie, Deputy Minister of Government Services, associate secretary of the cabinet, and secretary of Management Board of Cabinet. Thanks for the question.

This deal was negotiated in the fall of 2008. You may remember the environment at that time. Virtually all of the collective agreements that had been done up till that time and the few years before that were solid 3% deals for multiple years. We went in with a very challenging mandate from the government in terms of reducing the cost of labour rates going forward. We negotiated a deal that was a four-year deal: 1.75% in the first year, 2% in each of the next two years, and 2% in the last year plus an additional 1%, which was paid for with 1.25% of concessions that were given by the union. So the total deal gross was 8.75% over four years; net would be about 7.5% over four years, the cost to the government going forward. That would compare to a four-year deal for 11.45%, which included an eight-week strike, in 2002.

We think, given the time and the circumstances, that's a deal we were incredibly proud of. We continue to be proud of it today. It was one of the first deals that got us off consistent multiple years of 3% increases, so we are very proud of that deal.

We also are pleased with some of the concessions that we managed to get from the bargaining agent. As the minister said, it was ratified by 38,000 members, and we continue to be quite pleased that we got a very good deal that was respectful to the taxpayers of Ontario.

**Mr. John O'Toole:** Very good; thank you very much.

I guess that would lead to the question—again, I don't mean to be assertive or aggressive with the public service. You're doing your job as instructed by cabinet.

This is to the minister: Who was directly responsible for ordering the lawyers of the province of Ontario, representing Premier McGuinty and cabinet, to go to the labour relations board just recently to try to bury this deal, to try to suppress the information? Who ordered the lawyers to go the labour board to suppress this 1% deal, which was not widely understood by the membership, as well?

I've heard from members. Quite honestly, it's amazing how many whistle-blowers are out there, and the media are happy to get it.

Who was responsible? Can you provide some documentation or the documentation of the submission? In the submission, they had, in quotes, a "secret deal," the sidebar, the side table. I was in labour relations for a number of years, not at the main table, and I know there are deals made on local agreements or provisions for benefits and

other deals that tie into the overall contract, but this went to the labour board to suppress the information from the people of Ontario, the taxpayers of Ontario. That's unforgivable. That is not open and not transparent. The lawyers went; who sent them, and why? That's a question to the minister.

**Hon. Harinder S. Takhar:** Let me start by saying that when we enter into collective agreements, all agreements with each of our unions are different in every respect sometimes, because the conditions are different or the agreements that they reached before are different. Side agreements are quite common in these. The member talked about having experience in negotiating these. Actually, I had the opportunity to do it for about nine years at the school board. These side agreements are quite common. As I said before, there's nothing secret about it. This information was given to all the local presidents of OPSEU, who shared it with 38,000 employees, so there's nothing really secret about it. But this issue is before the Ontario Labour Relations Board, so I think I can only comment so much about it. If the deputy has any more information to share, he would be more than pleased to share it with you.

**Mr. Ron McKerlie:** Side agreements, as the minister mentioned, are incredibly common in labour deals done in both the public sector as well as the private sector. It's not unusual at all. If parties in negotiations were required to disclose each and every component of their agreements to other bargaining agents, obviously there would be a significant potential for ideas and discussion and creative solutions that would be restricted.

**Mr. John O'Toole:** I guess I want to get to specifics, though. I asked who authorized the lawyers and why did they go to the labour board. We're talking about the current month of April or May when this occurred. They went to the board. Now, I understand that you're trying to make the case for the side deal, but the specifics are—you said that the agreement was in 2008, yet here we are in court. Why were you there? Submit the documents right here to this committee so we can all see it, even the ones who don't know that they went to court, to the labour board, to suppress information from the people of Ontario. This is not the side deals. You got the extra deal. You were trying to suppress it. Whenever that was signed in that side deal contract, the secret part of it, why were you in court recently, in April and May, and who sent them?

**Hon. Harinder S. Takhar:** There's nothing to suppress. As I indicated before, this information was given to all the presidents of OPSEU locals and they shared it with 38,000 employees. If this information was a so-called secret, it wouldn't get out there, right? This information—

**Mr. John O'Toole:** Karen Howlett in the Globe and Mail is the one who disclosed it. You show me a document that you sent to the 38,000 members of OPSEU. Show me the document that included this provision of a touch-up that shows up after the election on October 6. Minister, I'm looking at you now; it's looks like you're



quite surprised at this revelation by Karen Howlett in the *Globe and Mail*. I don't think you even know, honestly. That's my impression, without being personal.

My impression right now is: Who sent the lawyers to the labour board? What were their arguments that were presented? I know the judge ruled against you. This is why Karen Howlett found out about it in the *Globe and Mail*, and this is why we looked into it. We're finding out—you know the FOI part that you're responsible for? We're asking you here, now, in the public forum and on the record, to produce the documents the lawyers used to make the arguments on behalf of Premier McGuinty at the labour board to keep this secret. Just table them, and that line of questioning will end now. If you don't, then I'm not listening to anything else you say, because who can trust somebody who's making one deal here in the public and another deal somewhere else?

Other than that, where are the documents that you sent to the membership? I want those. Some of the members of OPSEU, the Ontario public service, who have called me—and I have the greatest respect for them. They're not party to the misdeeds of the McGuinty government, and neither is Mr. McKerlie or the other members at the table here.

I'm asking you one more time: Table the papers. Forget the words; I want the papers—the papers from the presentation to the labour board and the memo that you sent to the membership. I have memos here dated—this one here is waiting to be mailed. It's dated October 1, 2011. It's to Brian Gould, chief negotiator of OPSEU—because you guys don't actually do the negotiating; you get some legal firm to do it—and it's signed by David Logan. I'll submit my documents if you submit yours. I have the one also from December 8.

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**The Chair (Mr. Garfield Dunlop):** Have you got an actual request that you're asking for?

**Mr. John O'Toole:** Yes. All I want is: Who sent the lawyers? Is there a cabinet minute or something like that?

**The Chair (Mr. Garfield Dunlop):** Does research have this?

**Mr. Avrum Fenson:** Yes.

**The Chair (Mr. Garfield Dunlop):** Okay; sorry. We've got the question.

**Mr. John O'Toole:** Okay. We want that, the cabinet minute.

What were the documents, the submissions, the legal arguments they made with the secret deal, and the memo that you sent to the members? You said that you told the 38,000—where's the memo that told them about the extra sweetheart deal in 2012? They get it in 2012; they get it after the election. How cynical.

He's championing this here, sort of admonishing me, and I'm supposed to represent the people at the most vulnerable level of all, the people who are left in the dark, and he's telling me here that HROntario is an employer of first choice—no wonder, because you can take advantage of the taxpayers. That's the deal here that I see—integrating 67,000 public sector employees, and proud

that none of them got anything less than about 8% or 9%. In 2008, the whole economy went into the ditch; 25% of all the pension funds and everything else was taken off the table.

You've got a tough choice. You're not there to just cut ribbons and smile for the photographs. What you're there for is to make difficult decisions on behalf of the people of Ontario, and you failed to do that. You've lost complete respect from the taxpayers of Ontario. On this file, it's a simple case: Produce the documents.

I'll slow down, because right now, I could easily have a coronary or something. But I do have a different job than yours.

**The Chair (Mr. Garfield Dunlop):** Minister?

**Hon. Harinder S. Takhar:** Mr. Chair, this is interesting. But let me just say this: It's not that I went to the OLRB—the Ontario Labour Relations Board—and neither did the Premier. The staff has been handling it, so I'm now going to ask the deputy minister to answer this question for you.

**Mr. Ron McKerlie:** The member has the documents that were released by order through the Ontario Labour Relations Board. That's what he's referring to. There are two documents there. Essentially, the one letter that is signed is the letter that went out—I think it's dated December 24, 2008. That letter is what went out to the chief negotiator for OPSEU and, further, I understand, to the local presidents. That would be part of the communication that they would have used. We're not privy to the rest of the communication that the bargaining agents would have used to notify their members. Clearly, that happened. They ratified the agreement.

I would remind the member that that 1% in return gave us 1.25% worth of cost reductions. That was a terrific deal. The total cost of the deal, the gross cost of 8.75% over four years, was the best lowest-cost collective agreement done in probably at least a three- or four-year period of time.

We are in front of you discussing this today because, through a normal course of events, we were challenged by a union that's clearly looking for a better deal for its own members.

**Mr. John O'Toole:** It wasn't public, really. AMAPCEO didn't know about it. They found out about it and they got upset. I guess it does set a precipitous tone. That's kind of what I'm talking about, because they'll have other negotiations that will be looking for that, plus more.

In a climate where you have significant challenges, both on the spending side as well as on the debt side—I'm just feeling that you still pretty well stand by the fact that it's a good deal. I guess that's what I'm asking you.

**Hon. Harinder S. Takhar:** The member talks about whether it's a good deal or not. We feel that it's absolutely a good deal.

I want to talk about a couple of concessions that we got. That might put a few things in perspective.

**Mr. John O'Toole:** I'll just put one more proviso on that: The Premier stood—in fact, he did a whole PR

campaign with Dalton's lieutenant, Dwight Duncan, saying "restraint," and there's a freeze. He's even broken the freeze. Again, it comes down to this whole thing of transparency, accountability, trust—all this stuff.

Go ahead; you can give me the explanation. But quite honestly, you're doing quite the opposite: You haven't frozen anything.

**Hon. Harinder S. Takhar:** Let me just give you a couple of examples that might put some things in perspective for you.

**Mr. John O'Toole:** Okay.

**Hon. Harinder S. Takhar:** One of the provisions in the OPSEU contract was the severance when you terminate an employee. That was being accrued at the rate of one week per year to a maximum of 26 weeks. So one week, in my mind, translates to about 2% in salary. They have given that up, 2% accrual, to get this 1% increase—that alone.

Then the other is, if the person is terminated when they reach a factor of 80, they could have got the pension without any reduction in their pension plan. Now that 80 factor is also gone.

They have also given us the ability to hire 200 internationally trained professionals to support the OPS diversity programs.

These are three I can give you. There are actually maybe 10 or 15 examples here, but I can give you these three clear-cut examples.

Talking about what has happened since then to the different agreements that have been signed, let me just start with—

**Mr. John O'Toole:** Let's just stop a little bit because you are putting some data out on the table there. You're saying that you get one week per year of service up to a maximum of 26 weeks. That's it?

**Hon. Harinder S. Takhar:** For severance—it used to be.

**Mr. John O'Toole:** What is it now? I don't think that's right. I can only go by the Ron Sapsford severance package. Do you understand? That's the unclassified deputy, the million-dollar man. He's not even here and he's still making \$900,000 a year. Even the way he was—but no, no. To the deputy: What's the maximum severance that an OPS person can get?

**Mr. Ron McKerlie:** Are you talking about an OPSEU member?

**Mr. John O'Toole:** Yeah, an OPSEU member.

**Mr. Ron McKerlie:** Okay. There are several types of severance. There's legislated severance, which we are required to pay. There was also termination pay, which, as the minister said, accrued at the rate of one week for every year of service up to a maximum of 26 weeks. That was payable under previous collective agreements for voluntary resignation. So you could leave and get paid that termination pay.

**Mr. John O'Toole:** Okay. So what's the legislated severance?

**Mr. Ron McKerlie:** Legislated severance is one week per year of service.

**Mr. John O'Toole:** To a maximum of 30 weeks or something like that, or 30 years?

**Mr. Ron McKerlie:** Twenty-six weeks.

**Mr. John O'Toole:** It's still 26, and that was not given up, that portion of that. That's a legislated entitlement.

**Mr. Ron McKerlie:** Yeah, it's legislated severance.

**Mr. John O'Toole:** Again, if you look at it and you're listening, they did give up part of what they had negotiated before for more cash on the barrelhead—cash today in the inflationary times we're in.

Now, the other thing was this 80 factor. There was a grow-in provision, I think, on severances, wasn't there? You could grow in to the 80. Even though you were let go before the 80, you could—how does that work?

**Mr. Ron McKerlie:** I'm not sure I can answer that question, but I could invite somebody to the table who probably could.

**Hon. Harinder S. Takhar:** Why don't you do that?

**Mr. John O'Toole:** Yeah. This is where the little—

**Mr. Ron McKerlie:** None of my staff know what a grow-in factor for factor 80 is. I'm sorry, I can't help you with that. I'm not sure what that—

**Mr. John O'Toole:** Again, there's the other part. I'm not sure what you gave up, and then it only accrues when a person is terminated or leaves. Anyway, that's another part of it.

Even in this whole thing, when I look at it, we're lowering expenses paid, and I'm still not satisfied—I know there was a challenge and it went to this thing. The public service are finding out about it. There's more to that. If you could table the documents around those court proceedings, I'd be very happy with that—otherwise I will have difficulty getting them—on the labour board, with AMAPCEO challenging the OPS.

I guess it's important to put it in context again. Right after the election, in 2012—it's conveniently dated in such a way as it's buying labour peace. Now, I understand that. I know that during the election they'll have all this vilification of the Conservatives, blah, blah, blah. Anyway, conveniently, a lot of the contracts are coming due right after 2011, and that's really what the case is here. It's sort of like the Neville Chamberlain argument: "Peace at any price." That's kind of how I see it.

Right along the line, everything they're doing, quite honestly, is spending money they don't have. I don't care if it's the Ontario benefit that they talk about; you look in these books and they've borrowed \$1.1 billion to pay the Ontario benefit, because they didn't have the cash flow. They floated a loan specifically for that. It's time-dated, too. Right after the election they'll cancel that Ontario benefit.

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I'm going on to one other contract here which is quite shocking, actually. There was a lot of media on it today. You're probably all ginned up on it, Minister; I hope you are, anyway. Some of your staff will answer it for you, anyway. The OPP contracts: The recent OPP agreements are the product of negotiation, not arbitration. The 2011 agreement included the "highest paid" provision. This is



the province of Ontario setting the tone not for Toronto police, but for Durham police and for the police across the province, which is one of the rising costs, as we say, in all of the municipal budgets at the regional level.

OPP will be the highest paid in Ontario on January 1, 2014. In 2010, an OPP first-class constable was paid \$79,000. The new OPP contract gives a first-class constable a 5.07% increase in 2011, which will bring them to the end rate of \$83,400. The total OPP increase from 2011 to 2014 is a minimum 14.6%. Do you think that's okay? Do you think that's a pretty frugal kind of settlement? They have an 80 or 85 factor. The Chair might know. Do you know what they have? What's the factor for OPP?

**The Chair (Mr. Garfield Dunlop):** I'm not sure.

**Mr. John O'Toole:** So, 80 or 85. That means you start when you're about 30, you work for 30—that makes you 60 with 30; that's 90. That's a 90 factor. That's how that works. Is that a good deal for the taxpayers of Ontario?

**Hon. Harinder S. Takhar:** Let me say this: First, we have about 5,600 uniformed Ontario Provincial Police officers and about 2,600 civilians who work there. This is a three-year agreement that, in the beginning, basically puts the salaries of the OPP officers in line with the salaries of York and the Toronto first-class constable. It has been a precedent before as well. I talked to my police officers, and they are having problems with retaining these employees. If one force puts the salaries up, then they leave from there and go somewhere else. So this is basically matching salaries. In the next two years, the salary increase is zero. In 2012, it's zero; 2013, zero. This agreement basically is in line with the government's—

**Mr. John O'Toole:** OPP, by the way, has no retention issue in it. It doesn't. I'm reading the article here.

**Hon. Harinder S. Takhar:** Yes, but when salaries are left behind—

**The Chair (Mr. Garfield Dunlop):** There are another two minutes left in this round.

**Hon. Harinder S. Takhar:** —there's always a retention issue. When your salary falls behind others and you can make the same salary with the same training somewhere else, there's always a retention issue. You want to make sure you pay your employees competitive salaries in the marketplace. So this is what the marketplace dictates at this point in time.

**Mr. John O'Toole:** It's covered in the media today, and that's why I'm saying it. Minister, with all due respect, they also feel that this is not particularly in line with the economy. The economy is in a growth line of about—it's flat and stable, if that. One would wonder even that that's just a stability statement more than anything else. That 14%: Nobody else in Ontario is getting that.

**Hon. Harinder S. Takhar:** Zero increase for 2012, zero increase for 2013—this is exactly what our government asked for, and this is what the government got. Their salaries are the same as the salaries that are paid to the first-class constable in Toronto and York, but their salaries are being frozen for a two-year period.

**Mr. John O'Toole:** Well, right here in the article it says 14%.

**The Chair (Mr. Garfield Dunlop):** You've got about 30 seconds.

**Hon. Harinder S. Takhar:** But the article doesn't mean—

**Mr. John O'Toole:** The article here this morning is that how this implication is—it's like ratchet negotiations. You set the tiered level and then everybody else gears up to it. In fact, they're all fighting for the highest level. It's Toronto fighting for OPP, and then it will be Durham fighting for Toronto—that's ratchet negotiations. It's a very skilful way of driving costs up for labour.

We know that 75% of public spending is wages and benefits. There's no getting around it at all, and you seem to be doing a crummy job on it. That's my final analysis. You can't give people 8% and 10% when the economy is growing at—

**Mr. John O'Toole:** Mr. O'Toole, that brings us to the conclusion of your 30 minutes.

We'll now go to the third party. You have 30 minutes, Mr. Miller.

**Mr. Paul Miller:** Good afternoon, Minister, deputy ministers and the throngs of staff.

I want to clarify a question that I asked before. Would it be safe to say that your ministry would be involved with electronic health cards and the delivery of those cards? Would that be at one of your kiosks?

**Hon. Harinder S. Takhar:** My understanding is, my ministry is not involved, but—

**Mr. Paul Miller:** Not involved?

**Hon. Harinder S. Takhar:** Not involved in the electronic—

**Mr. Bob Stark:** We issue the plastic cards.

**Mr. Paul Miller:** Yes, the plastic cards. The electronic cards will not be part of your auspice?

*Interjection.*

**Mr. Paul Miller:** Not at all? It's under health strictly, and you don't have any influence or coverage on that?

**Hon. Harinder S. Takhar:** What electronic health card are you talking about?

**Mr. Paul Miller:** The e-cards.

**Hon. Harinder S. Takhar:** But those are the electronic records, not cards.

**Mr. Paul Miller:** Right, so the electronic records have nothing to do with your ministry? It's strictly health?

**Hon. Harinder S. Takhar:** Yes, that's right.

**Mr. Bob Stark:** Oh, eHealth.

**Mr. Paul Miller:** Yes, eHealth. Okay. I just wanted to clarify that.

I guess my first question would be under the category of vote 1808, "Human Resources Service Program" in your documents here, under item 09, "OPS Workplace Safety and Insurance Board Centralized Services," on page 53. Could the minister explain to me what these services are and with what office at the WSIB they are paired? What portion is duplicated at each of these offices, if there is a staffer at the WSIB who provides

information, records or work on the same file at the ministry? Is this a duplication, and why is it necessary?

**Hon. Harinder S. Takhar:** I'm going to ask the deputy to answer that question.

**Mr. Ron McKerlie:** I'm not sure I can answer the question, so I will ask our chief administrative officer, Karen Hughes, if she could join me. Perhaps Karen's got some detail.

**Ms. Karen Hughes:** Hi, I'm Karen Hughes, the assistant deputy minister of the corporate services division and chief administrative officer for the ministry. The \$56 million that you're referring to on that page is payments that are made to the WSIB on behalf of all OPS employees. The ministry has centralized that to ensure that we can make payments on time in accordance with what's required from the WSIB.

**Mr. Paul Miller:** My question is about staffing. There's only one person? There's no duplication in staffing to provide that service?

**Ms. Karen Hughes:** No. It's actually more efficient for us to be able to provide it in that way centrally on behalf of all ministries.

**Mr. Paul Miller:** Okay. My next question would be on 1811, "Enterprise Business Services Program," item 07, "Information, Privacy and Archives." Could the minister explain to me his position on political staff having anything to do with freedom-of-information requests, let alone labelling them as contentious or anything else? Why would a freedom-of-information officer in any ministry accept that political interference?

**Hon. Harinder S. Takhar:** I think we have a very set process to deal with freedom-of-information requests. As the minister responsible for MGS, I don't see those requests. I don't interfere in those requests. I don't even know when they came or when they got delivered. There's a process that the deputy minister can outline for you.

**Mr. Paul Miller:** But apparently your staff has labelled some of them contentious. Could you explain that to me?

**Hon. Harinder S. Takhar:** The contentious issues are sometimes the issues that you need to manage for public policy reasons, and they flag it for us, but this has nothing to do with freedom-of-information requests.

**Mr. Paul Miller:** Public policy flagging it: Would that not be something that the public should know, if it's under public policy?

**Hon. Harinder S. Takhar:** But it is being flagged because of that reason. Every day in the morning, you get issues, and this is no different from flagging this issue than the others.

By the way, this whole process started in 1990, so it's not a new process. It's just to let the minister know about some of the contentious issues he might have to deal with.

**Mr. Paul Miller:** With all due respect, Minister, it could have started in 1990, but that doesn't mean it's efficient.

My next question: Would the minister please provide his opinion on the freedom-of-information exemptions recently given to hospitals on any requests that are deferred to the hospital committee set out in schedule 18.1 to Bill 173, the Better Tomorrow for Ontario Act (Budget Measures), 2011? Could you explain that to me?

**Hon. Harinder S. Takhar:** My ministry can only tell you what the FOI process is in the government. I can't tell you anything about the hospitals. This is an issue that you need to take up with the Ministry of Health.

**Mr. Paul Miller:** Well, Minister, wouldn't some of the services that you provide interact with the hospitals indirectly?

**Hon. Harinder S. Takhar:** The services that we provide?

**Mr. Paul Miller:** Yes.

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**Hon. Harinder S. Takhar:** Like what?

**Mr. Paul Miller:** Health cards that you issue.

**Hon. Harinder S. Takhar:** But that has nothing to do with the—

**Mr. Paul Miller:** What if there's a privacy problem or an information problem with the card itself or it's been issued wrongly under a wrong name? That was one of the biggest problems in the health situation: people getting cards that were not theirs or deceased people and all that. So how are you handling that issue?

**Hon. Harinder S. Takhar:** I will not be interacting with the hospitals on that issue. I think that if there's a privacy issue, we will deal with it and see why it happened, what some of the reasons are and how we can address them. Maybe Bob can tell you a little bit more. He's my deputy minister for ServiceOntario. He can tell you a little bit about how we deal with the privacy issues if that happens.

**Mr. Bob Stark:** I'm Bob Stark, deputy minister and chief executive officer at ServiceOntario.

First of all, I should say that privacy and security is foremost in our minds in any piece of business that we do. We clearly handle a good deal of sensitive information on behalf of citizens, and privacy and security is a fundamental of our business. So we're very, very conscious of it.

We do occasionally have fraud issues or a card that's been issued inappropriately, and we follow up on 100% of those cases. We inform the privacy commissioner and her staff to ensure that we're completely transparent in what has taken place. It's a very rare occurrence.

**Mr. Paul Miller:** Well, that's interesting. You have a new situation, I believe, and maybe you could explain to me the new position that merged the Office of the Chief Information and Privacy Officer and the Archives of Ontario. Under major functions, particularly point 2, they seem to duplicate the functions of the Information and Privacy Commissioner. Why do we need that position?

**Hon. Harinder S. Takhar:** Okay, let me refer this to the deputy minister responsible for that position.

**Mr. Ron McKerlie:** For a number of years, we've had an Information and Privacy Office within the Ontario



government, which has also had oversight for the freedom-of-information officers that are located in the different ministries, to help train and support them. We've merged it with the Archives of Ontario. We think there are some synergies there. We also are looking to move to more electronic records within government from paper-based records, and merging those two functions is, we believe, going to help us move down that path.

**Mr. Paul Miller:** So you don't feel that it's a duplication of functions that the Information and Privacy Commissioner could handle?

**Mr. Ron McKerlie:** No, not at all. It does work with that office, though, and we do support her requests into government and help facilitate that.

**Mr. Paul Miller:** I can't find the breakdown for the information and privacy commission, so I guess I'm requesting a detailed report of all functions of the commissioner's office and the whole commission. Additionally, I request a detailed breakdown of the expenditures for the commissioner's office and of any office that reports directly to her or through the assistant commissioner. That's what I'm requesting.

On the information and privacy commission webpage, the commissioner's remarks include the statement, "Also discover the commissioner's core concept of Privacy by Design."

Based on "seven foundational principles, PbD was first developed by Ontario's Information and Privacy Commissioner, Dr. Ann Cavoukian, in the 1990s. This made-in-Ontario solution has gained widespread international recognition, and was recently recognized as a new global privacy standard."

Based on that information that you provided me last year, the trademark for Privacy by Design is not held by the commissioner or the government of Ontario. So if you could provide me all the information about who owns this trademark, how much the government of Ontario is paying for the use of this trademark and the logo on the website, and why the commissioner is claiming that it is her concept, but neither she nor the government owns it.

How can we be using someone else's trademark? Why is it another person's if the concept was developed by the commissioner? And why is the government of Ontario spending any money on this concept without clearly establishing ownership and financial return for promoting this privately held privacy design concept?

**Hon. Harinder S. Takhar:** I know the member asked this question last time too, and I am sure the deputy is willing to answer most of the questions right now.

**Mr. Paul Miller:** Frankly, I didn't get an answer last time, but go ahead. Let's hear it again.

**Mr. Ron McKerlie:** Let's see if we can help you out this year. First of all, in terms of the budget, the privacy commissioner of Ontario—that office is an independent office of the Legislature. Their budget is set by the Board of Internal Economy. It's part II of the estimates, so that information would be available there. It's not part of

MGS, and we wouldn't have access to her budget or her office's budget.

In terms of Privacy by Design and the trademark, it's not a product; it's a concept developed and promoted by the Information and Privacy Commissioner of Ontario. It's shorthand for the process of identifying and addressing privacy issues from the beginning of any government project, and proactively building privacy into the design of systems and processes.

MGS recommends that government institutions consider and design privacy protections into new programs or projects that involve collection or use or disclosure of personal information.

Privacy by Design has been registered as an official mark with the Registrar of Trade-marks, Industry Canada, by the Office of the Information and Privacy Commissioner. Under the federal Trade-marks Act, any government public authority in Canada can register an official mark for use in association with goods and services provided by the authority—an official mark similar to a trademark in that it prevents others from using the mark, obviously, and an official mark is only available to a government authority.

Prior to the registration of the IPC's Privacy by Design official mark in 2010, a private company registered a trademark for Privacy by Design in 2003. We understand that Ontario government resources were not used to register this trademark. The ministry doesn't own the Privacy by Design trademark.

**Mr. Paul Miller:** That's an interesting response. Also, on the commissioner's Privacy by Design portion of the website, it states that the commissioner is entering into partnerships with, for example, the University of Arizona. Where does it state in her mandate that she takes this Privacy by Design concept, that this government doesn't own, and promotes it in foreign countries, presumably at our government's expense—I don't think she's promoting it out of her own pocket. What other foreign consultations is the commissioner involved in, how is this part of her mandate, and how does this benefit the people of Ontario when she's using taxpayers' money? She seems to have some kind of involvement in this—I can't quite put my finger on it. Do you feel, in your professional opinion, that there's any conflict here by the commissioner?

**Mr. Ron McKerlie:** I couldn't answer that question. She reports to the Legislature, so I assume that she could answer directly for herself.

**Mr. Paul Miller:** So that is a yes, or a no?

**Mr. Ron McKerlie:** It is an "I don't know"—

**Mr. Paul Miller:** It's a maybe. Okay.

On the "Information, Privacy and Archives—Capital," page 81: The description of "Major Functions" states that the new facility leased from York University provides greater access for its customers. Perhaps this facility is newer, bigger and has more rooms than the previous facility, but how can it really provide greater access when it's so far out of the city, not on a major subway line, and located in the north end of the campus, where public

transit is even less frequent? You've been talking about what great responses you've been getting in the community. I'm not quite sure that people in this area would be rolling over about this, so maybe you can clarify that for me.

**Hon. Harinder S. Takhar:** I had the privilege of visiting the archives when it opened up. I think it's a very modern facility. We have extended the hours of the archives. The feedback that we have been getting from all over is that it is very well received. I think the records have been automated to a certain extent. The staff there is extremely friendly. The only information that you want to get from there is actually—

**Mr. Paul Miller:** Minister, with all due respect, it's great that the staff are nice, and it's nice that it's a big facility and it's new. But I think access is an important part of this. The bus service is infrequent at best. People are complaining that they can't utilize this brand new facility the way they'd like to.

In your strategic planning, do you take into consideration demographics, geographical locations, as well as transportation when you open these new facilities?

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**Hon. Harinder S. Takhar:** All those things were considered. But let me give you—

**Mr. Paul Miller:** Well, they obviously weren't, because it's not working.

**Hon. Harinder S. Takhar:** I guess we can agree to disagree on that point, because it is working, and all the information that I have obtained—actually, it is working, and the feedback has been quite positive.

I'll let the deputy minister give you the history behind why it was moved there and why it is working.

**Mr. Paul Miller:** I don't know who you're talking to, but I'm not getting those messages.

**Mr. Ron McKerlie:** We're getting very positive feedback from customers. We've extended our hours on Tuesday and Thursday evenings until 8 p.m. We've now opened hours on Saturdays from 10 a.m. to 4 p.m. The extended hours have helped a lot.

It's not in the downtown location. We had to move out of that building because of mould in the building. It was not a purpose-built building for an archive, so it was putting, or had the potential to put, our collections at risk.

The new facility is a ground-level facility in a very modern location. There is bus service to it. There's convenient parking available there. And we now have Saturday hours with full service, including everything from customer registration to the exhibit gallery, which is open. We have assistance from reference archivists who are available during that time. We have general customer service inquiries available through the phone. We can take requests—

**Mr. Paul Miller:** Okay, thank you. It sounds great. I'm not quite sure what the volume of traffic would be, but I'd be interested to find out—

**Hon. Harinder S. Takhar:** Let me give you some—

**Mr. Paul Miller:** —in our next session.

My next question would be number 1812, "Agencies, Boards, Commissions and Tribunals," item 02, Licence Appeal Tribunal. Minister, would you explain to me what types of appeals and what the issues are for the Ministry of Training, Colleges and Universities? I'd be particularly interested in the private career colleges and if and how they would fall within the purview of the tribunal.

**Hon. Harinder S. Takhar:** I will refer it to the deputy minister.

**Mr. Ron McKerlie:** The Licence Appeal Tribunal hears appeals for people who may have had infractions and lost their licences, or their licence is under suspension. They would adjudicate that appeal and determine whether the licence comes back or not.

I don't know about the career colleges. I'm not sure that they look at suspensions for career college licences. I didn't believe that was part of their mandate, but we can look into that for you and get back to you on that one.

**Mr. Paul Miller:** Okay. Vote 1814, "ServiceOntario," item 01: Could you please elaborate for me on any plans to privatize any portion of the ServiceOntario network, existing and new? And is there anything on the books right now to privatize?

**Hon. Harinder S. Takhar:** I want to thank the member for asking this question. I think we have about 300 offices through which we provide the ServiceOntario services. Out of that, two thirds are actually already private. I think the number is maybe 205 out of 300. The other 95 are the government offices. This is no secret. It was in the budget.

This year, we are looking at alternative service delivery models, if we can improve the service for Ontarians. We have not made any decisions around that at this point in time. We are doing consultations and we are meeting with people and seeing if we can work with the municipalities, if we can work with the other levels of government and if we can work with other organizations to improve the service and make it more effective and provide more services.

Because people, at the end of the day—there's one taxpayer. All they are concerned about is how the services are provided, how effectively they are provided, what the wait times are like and how well service is being provided.

So we are looking at it, but maybe the deputy minister—

**Mr. Paul Miller:** Thank you. I think I'll just jump in for a minute, if you don't mind.

What kind of reaction are you getting from the public service unions about privatization? Obviously, they would have concerns about their declining membership and declining jobs. What kind of dialogue—have you sat down with the public service sector to discuss the future of ServiceOntario and the possible negative impact on those organizations?

**Hon. Harinder S. Takhar:** First, let me say that nothing has been decided yet. We are just at the very exploratory stages. But let me refer it to the DM, who might have had some conversation with our bargaining groups.



**Mr. Bob Stark:** First of all, as the minister said, no decisions have been made. We're looking at what the optimal organization structure is for the future for ServiceOntario. We have an ongoing dialogue with the various unions who are represented in our organization, and the message, or the discussion, that we've had has been very much along those lines, that we're simply starting a study to look objectively at what the options are for how the organization is structured in the future. We're also looking at whether there's opportunity, as the minister touched upon, to use the one-stop ServiceOntario kind of structure for other services, other levels of government and across the Ontario public service.

**Mr. Paul Miller:** That's a good answer. I'd like to ask a further question. If you are looking into privatization in the future, or the near future, and discussions with the unions—I don't know what role they play or how much discussion they have on the decisions, but whenever you go ahead, do you honestly think that privatizing all of ServiceOntario is going to—what you're doing by privatizing is basically monopolizing, indirectly, and what you're going to do is cost the taxpayers of Ontario a lot more money down the road.

It looks good at the start. Anything I've seen privatized looks wonderful at the start, but then some people out there want to go back to service unions and things because it was cheaper, because of some of the negotiated contracts. As you know, in the private sector—and I can witness that with what's happened at US Steel in Hamilton—they break unions' backs, and then they go in and want everyone to work for \$10 an hour. They privatize, and then they come back and say, "Oh, we're going to have to raise the cost to the government," which indirectly affects the taxpayer of this province, who has to dole out more money for the privatized companies. It doesn't matter if it's hospitals—we've seen the disaster there in the two private hospitals. We've seen the disaster in some of the companies.

I think that your government is moving in the wrong direction, and I think by privatizing, in the long run, you're going to end up costing the taxpayers of Ontario billions of dollars. And how do you get rid of them once they're entrenched? They may be the only provider. What privatization does is, they set it up so that they're the only game in town, and the government has to run around if they're not playing ball. The government has to fight with them, and they can't provide the service to the public because these guys have got a monopoly.

In our whole country, frankly, the erosion of our base industries, the erosion of our public sector, is going on day in and day out. And I know for a fact that some of the governments in southern states right now cannot pay their pensions to ex-police chiefs, ex-firefighters, city clerks. There are places in Georgia and Tennessee right now that are suing the municipality and the state government because their pensions are gone.

All I can say, Minister, is to be extremely careful with your privatization, because it's destroying North America.

Thank you. I'm done.

**The Chair (Mr. Garfield Dunlop):** You've got nothing else today?

**Mr. Paul Miller:** No. I have a lot to say, but I haven't got time.

**The Chair (Mr. Garfield Dunlop):** Okay. So that's your time.

We'll move to the minister. You now have up to 30 minutes to respond.

**Mr. Yasir Naqvi:** I think I'll be asking the minister a question.

**The Chair (Mr. Garfield Dunlop):** No. At this stage, the minister has to respond for up to 30 minutes or we go directly over to the official opposition.

**Mr. Yasir Naqvi:** Okay.

**The Chair (Mr. Garfield Dunlop):** You have up to 30 minutes to respond.

**Hon. Harinder S. Takhar:** That's fine.

**The Chair (Mr. Garfield Dunlop):** The minister has to actually make the response, and then we go into rotations. You'll be in the next round, Mr. Naqvi.

**Mr. John O'Toole:** He gets a second speech.

**Hon. Harinder S. Takhar:** Well, you know, it's just like you.

**The Chair (Mr. Garfield Dunlop):** Okay.

**Hon. Harinder S. Takhar:** First, I want to thank both of the members for asking the questions. I think sometimes these are tough questions, but it's important for us to hear those questions and take those views into consideration, and we will do that.

As you know, the Ministry of Government Services plays an important role in the delivery of government services to the people of Ontario. As I said, the ministry supports and delivers front-line public services to the public and is responsible for the government's workforce, transaction processing, procurement and technology resources.

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Through ServiceOntario, MGS provides the gateway to the government's interaction with Ontario families and the internal supports and mechanisms to help all ministries deliver on their business goals.

The ministry is committed to driving change across the OPS to create a modern, diverse, inclusive public service by providing friendly, quality services to meet the needs of clients and the public. I hear there are some cautions being raised, and we will be very careful about those.

The ministry's vision is to deliver services to the public and line ministry clients that are simpler, faster and more connected. For Ontario families and businesses, these improvements should be experienced as simple, seamless and personalized services.

The ministry delivers an integrated suite of services to Ontario families and businesses through multiple channels, and we want to provide people with more options. The aim is to provide a customized customer experience, when and where needed, whether online, by telephone or in person. ServiceOntario is a leader in service delivery

and intends to continue improving its provision of high-quality service to the public.

The Ministry of Government Services will focus on three priority elements: One is the people. We want to make sure that the people are more engaged people, to provide greater service through strong leadership. The second is, we want to look at the processes, so that the processes are more dynamic processes to help us work smarter, simpler and greener. The third is technology, so that we have technology which is more enabling technology to innovate, deliver and transform.

These priorities will be addressed within the context of the ministry's core values, including a commitment to diversity, accessibility and a greener OPS. To this end, the ministry is committed to attracting and retaining diverse talent and finding innovative methods of delivering a better customer experience.

MGS also provides essential services OPS-wide and supports other ministries in achieving their objectives. These services include recruiting and management of human resources; procurement support; transactional processing, including payroll processing; and information technology. The ministry is also committed to the responsible management of information.

There were some questions raised about information, privacy and archives, and let me just address those.

Through information, privacy and archives, the ministry is ensuring that private information is secure and that records, including digital information, are properly stored to ensure that Ontario's rich history is adequately preserved.

Ensuring that the OPS is reducing its environmental impact is a key responsibility. The OPS green office works with ministries to ensure that there is a coordinated government-wide approach to developing green practices and reducing the OPS's environmental footprint.

The 2011-12 results base builds on the ministry's achievements. The Ministry of Government Services is committed to playing its part in building the public services in the world and to delivering on the government's commitment to be a responsive and innovative world leader in customer service.

The human resources services program supports the government's commitment to be a responsive and innovative world leader in customer service by having a skilled and innovative workforce. HROntario delivers integrated HR and business transformation services that support ministries' business objectives, and develops and implements strategies and policies that make the OPS an employer of first choice.

The program also coordinates internal security in the OPS.

The diversity office supports the OPS vision of being an inclusive, diverse, equitable and accessible organization that delivers excellent public service and supports all employees in achieving their full potential. As a centre of excellence, the diversity office has the lead for assisting the OPS to become compliant with the Accessibility for Ontarians with Disabilities Act. The office is also

responsible for providing innovative and strategic OPS-wide programs and services to help the ministries achieve their inclusion and accessibility goals.

MGS also effectively manages labour relations on behalf of the OPS by successfully negotiating a number of frameworks and agreements with the OPS bargaining agents. These agreements contributed to employee engagement, improved services to the public, supported the diversity agenda, and represented a fair and reasonable settlement to employees and the taxpayers of Ontario.

One of the key agreements was the settlement reached by the two years of no wage increases by the three Ontario public service bargaining agents, including the Association of Law Officers of the Crown, the Ontario Crown Attorneys' Association and the Ontario Provincial Police Association, and that is consistent with the government's policy. In addition, the government froze compensation structures in the OPS and BPS for two years for all non-bargaining employees.

The Labour Relations Secretariat has the capacity to analyze internal and external factors that drive collective bargaining outcomes to develop comprehensive strategies and provide guidance and advice related to bargaining. It provides oversight and strategic advice on OPS and broader public sector collective bargaining. The Labour Relations Secretariat was established in May 2010 and is playing a role in the effective management of resources by determining the factors that drive bargaining outcomes.

The enterprise business services program is responsible for improving the delivery of internal and external government-wide services to meet the needs of Ontarians and the OPS. All service delivery programs focus on transforming and improving government services. The corporate information and information technology program provides leadership on information technology in government. This includes policy, implementation of common infrastructure, governance and accountability. It also includes the delivery of OPS-wide common services such as computer processing and network facilities.

Ontario Shared Services is the Ontario government's business and employee service provider for back office administration and supply chain management services. It provides strategic advice, controllership and cost-effective service delivery in financial processing, payroll and benefit processing, benefit administration, supply chain management and enterprise business services. Use of shared services enables cost savings through leveraging of scale and uniformity across programs.

Ontario Shared Services provides enterprise-wide employee and business support services to the OPS, including financial processing and collections, supply chain management, payroll management and processing, and benefits administration. OSS's goal is to continually innovate in the delivery of government services in order to increase efficiency and provide enhanced services to internal clients.

The human resources services program ensures that the organization delivers world-leading customer service



by employing and retaining a skilled and innovative workforce. I want to say that we are very proud of our OPS employees. The progress that OPS is making toward these goals is determined through the OPS employee survey. The results of the 2009 OPS employee survey indicate that the level of job satisfaction and commitment to OPS and its goals has increased almost 10% since 2007. These results are a good indicator that OPS's HR program and policies are having a positive effect on the current workforce. The survey is now conducted bi-annually; the results of the 2011 employee survey are expected in June. That will provide another opportunity to gauge ministry progress.

HROntario's goal is to support the Ontario public service in becoming an employer of choice, an organization able to attract, engage and retain highly competent, diverse employees who can deliver on their government's priorities for Ontarians.

The information, privacy and archives division promotes good record-keeping practices across the government and provides strategic leadership for freedom of information and privacy protection, information security and privacy classification, and intellectual property. It collects, manages and preserves the archival records of Ontario, promotes public access to Ontario's historic documents and records, and delivers responsible stewardship of the government of Ontario's art collection.

The Ontario public service's green office provides strategic leadership to ministries in the greening of government operations. Its mandate is to ensure that actions are in place to reduce the government's carbon footprint and other environmental impacts, help create sustainable business practices and build a green organization culture. The green office is leading the implementation of the government-approved multi-year OPS green transformation strategy, which commits the government to greenhouse gas reduction targets arising from government operations and business improvements that support and align with the broader mission targets set out in the province's climate change action plan.

Agencies, boards, commissions and tribunals associated with the Ministry of Government Services provide oversight to ensure effective governance, accountability and relationship management.

The Licence Appeal Tribunal hears appeals about compensation claims and licensing activities regulated under various ministry statutes.

The Advertising Review Board is designated as a mandatory central service for the procurement of advertising, public and media relations, and creative communication services for the OPS.

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This helps ensure that ministries and government agencies acquire these services in a manner that is fair, open, transparent and accessible to qualified suppliers. The conflict-of-interest commissioner has responsibility for certain conflict-of-interest and political activity matters as they apply to employees of ministries and public bodies as well as to individuals appointed to

public bodies. The commissioner handles requests for advice or rulings from deputy ministers, chairs of public bodies and other designated individuals on specific conflict-of-interest or political activity matters and commissions.

Performance measures: The ministry's performance measures help the ministry assess its progress towards becoming a modern, efficient public service. Some of these measures include:

Service standard achievements: measures the percentage of transactions delivered within established service standards and indicates the effectiveness of service delivery processes. The money-back service guarantee has had an average 99.8% achievement rate in fiscal year 2010-11. The goal for 2011-12 is to maintain the service standard achievement rate above a 99% rate through strict process control and continuous improvement. The benefit to the public is high satisfaction and increased confidence in government.

ServiceOntario continued to improve its accessibility to business under its Open for Business initiatives. A new online service called ONE-Source for Business was launched as a part of the government's overall Open Ontario strategy. It is an electronic one-stop shop for Ontarians thinking about starting a business or those already established. The portal will evolve over the next few years, eventually allowing business owners to track their accounts online.

ServiceOntario launched a new electronic service enabling extraprovincial foreign corporations to file an annual return electronically.

The telephone channel was also enhanced with the launch of the 1-888 business info line in collaboration with Industry Canada. The line provides a single point of access and saves businesses time in searching and/or calling multiple numbers to access information or services.

ServiceOntario also continued to enhance its services to families. Ontario families can now apply online for the Canada child benefit, including the Ontario child benefit, in addition to the previously available online newborn registration services. Using the newborn registration services, parents can now register their newborn, apply for a birth certificate, a social insurance number card and Canada child benefits in one easy-to-use online service.

ServiceOntario expanded its trendsetting online services guarantee to include government publications ordered online through ServiceOntario. Documents are guaranteed to be delivered to Ontarians within six business days, or customers may be eligible for a refund of up to \$100. ServiceOntario fulfills more than 225 requests for publications every business day.

ServiceOntario was the first in North America to offer money-back guarantees on the timely offering of public services. With the addition of the government publication service, Ontario currently offers eight online service guarantees: (1) regular and premium birth certificates, 15 and five days respectively; (2) regular and premium marriage certificates, 15 and five days respectively; (3) regular and premium death certificates, 15 and five

days respectively; (4) master business licence, two days, (5) publications, six business days—and so on.

ServiceOntario has also launched an online multiple tag renewal service, enabling customers to renew more than one licence plate validation sticker at a time.

ServiceOntario continued to pursue its aboriginal registration initiative to assist families in northern communities to register their babies.

Additional delivery methods were implemented in 2010 with the creation of local ambassador networks, where a network of local volunteer representatives were trained to assist new parents in their community. As of December 2010, local volunteer representatives were active in 23 communities.

Other improvements to service delivery include:

Archives of Ontario expanded its hours of service to better serve the public. Hours of service were expanded on Tuesdays, Thursdays and Saturdays. An educational program was expanded to more efficiently provide services to citizens across the province.

New technologies were also used by the archives to disseminate information, including Twitter and YouTube.

The archives is also expanding its holdings with the acquisition of private collections. Donations of more than 50 private archival collections from individuals, organizations, corporations and community and professional groups were acquired by the archives in 2010-11 to complement its holdings of government records.

The OPS continues to achieve recognition as one of Canada's best employers in a wide variety of categories. As I mentioned in my opening remarks, the OPS has been chosen as one of Canada's top 100 employers for the third year in a row, one of Canada's best diversity employers for the fourth year in a row, one of Canada's greenest employers for the second year in a row, a top employer for Canadians over 50, a top employer for Canadians over 40, and one of the greater Toronto area's top employers for the third year in a row, and was recently acknowledged as one of the best employers for new Canadians.

MGS continued to act on its commitment to hiring top talent from diverse communities. A number of initiatives were implemented to modernize the Ontario public service recruitment process by reducing unintentional barriers in the hiring process: use of plain language in OPS job advertisements and job alert services to candidates; development of a managers' guide to barrier-free recruiting, covering job ads and selection processes; and implementation of a dedicated TTY service for job applicants who are deaf or hard-of-hearing.

The Ministry of Government Services continued to pursue excellence in human resources management. The youth and new professionals secretariat and HROntario offered 230 internships to newcomers and coordinated approximately 5,000 summer employment opportunities through the summer experience program. The OPS learning and work program provided work experience for 130 youth in Toronto, Windsor, Thunder Bay and Hamilton, with a focus on encouraging high school students to

earn credits towards their high school diploma. Secretariat staff attended approximately 90 outreach events over the course of the year, with the intent of increasing awareness of the OPS as the employer of first choice.

The Ministry of Government Services successfully managed OPS labour relations by negotiating a framework agreement that reflected an awareness of the economic climate and was respectful of taxpayers. One of the key settlements was the agreement reached for two years of no wage increase with three OPS bargaining units, consistent with the government's policy statement.

In 2010, HROntario launched the ontario.ca site for the public disclosure of political and ministry expense information and also coordinated the development of this capacity in agencies' websites. The launch was part of the continued effort to fulfil the Premier's commitment to the public disclosure of expenses by the agencies in the Ontario public service.

Guided by the diversity office, the OPS continued to be a leader in workplace diversity and inclusion. To date, more than 54,000 public servants have received accessibility training to increase awareness of barriers and improve customer service for persons with disabilities. Business units across the OPS are also embedding tools such as Inclusion Lens, an innovative online tool enabling decision-makers and policy developers to better incorporate diversity, accessibility and inclusion into policies, programs and services for Ontarians.

The Ministry of Government Services continues to modernize its IT structure with a view to optimizing energy performance, increasing efficiency, sustaining critical operations and managing future growth. The green office implemented phase 2 of the electronic waste disposal program. This phase expands the list of items eligible for disposal to include photocopiers, faxes and scanners. The OPS has successfully recycled over 1,000 tonnes of e-waste since April 2009, with approximately 400 tonnes being recycled in 2010-11. Approximately 9,500 print devices have also been identified for disposal.

In 2010-11, the government reduced its number of computer services by 30% to 3,975, down from 5,718, saving approximately \$3.5 million annually in computer hardware costs and another \$1.5 million in power facilities costs.

Through the major applications portfolio strategy, MAPS, the government continues to modernize key government IT applications which are near technological obsolescence. As of January 2011, 44 such applications have been addressed through upgrades or remediation.

Addressing these requirements in a timely manner ensures the continued delivery of critical public services.

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In December 2010, the government launched a new information access and privacy website, providing improved access to Ontario government information and better support for the institutions governed by provincial and municipal freedom-of-information and protection-of-privacy legislation.



Future direction: The long-term vision of the ministry is to deliver modern government services to both the public and line ministries that are simpler, faster and easier to use. MGS is also working to ensure that it has a more connected, diverse and inclusive workforce. As we move forward with the work of this ministry, as a force for both enterprise-wide and public service delivery, we will focus on our strategic priorities and outcome. We are moving forward together on a stronger foundation. I am confident that we will continue to bring Ontarians change and progress that they can be proud of.

So those are my remarks, Mr. Chair.

**The Chair (Mr. Garfield Dunlop):** Thank you very much, Minister. We can now go over, for the next little while, to the official opposition. We're probably not going to get all your time in on this 20-minute rotation.

**Mr. John O'Toole:** I won't lose any of it, I hope.

**The Chair (Mr. Garfield Dunlop):** No. You'll have to come back next Tuesday morning.

**Mr. John O'Toole:** Oh, good. The minister has to come back as well?

**The Chair (Mr. Garfield Dunlop):** No. The minister has done his time.

**Mr. John O'Toole:** No, but he has to be back. He needs—

**The Chair (Mr. Garfield Dunlop):** He'll be here, yes.

**Mr. John O'Toole:** He needs to get a spanking.

**The Chair (Mr. Garfield Dunlop):** So you'll have 20 minutes, but when they call for the vote in the Legislature, we'll adjourn the meeting.

**Mr. John O'Toole:** Yes, we'll have to go up. There's a vote; that's kind of what I'm paying attention to. There's a vote, and I'm the whip too.

I'm trying to sort of get down to some of the stuff dealing with the cost of these inordinate settlements on wages and benefits across the public sector. Do you have any numbers on that? I'm looking at your HR function and trying to make some sense out of it. Do you have numbers? Do you know what the projected costs of these public sector settlements are, right across the board? Do you have any numbers on that?

**Hon. Harinder S. Takhar:** I will ask the deputy if he can address that issue.

**Mr. Ron McKerlie:** I don't have costs for—are you talking about what a 1% increase would cost? What specifically are you looking for?

**Mr. John O'Toole:** Yes. That's kind of what they do in here: the risk assessments. They're in the budget; so much per percentage of change. The price of gas is like \$3 million, for instance. There are all kinds of assumptions built in here, and 1% for a certain sector is what the increase is?

**Mr. Ron McKerlie:** Where?

**Mr. John O'Toole:** On the bottom line. I can find out for you. Some of the assumptions are in—they're called the risks, and they're in the budget. Health sector: A 1% change in health spending costs \$476 million. There's a whole list of them here. Long-term care: Every bed is

\$48,000. What's the 1% across-the-board increase going to mean to the bottom line?

**Mr. Ron McKerlie:** I don't know. I don't have that number with me.

**Mr. John O'Toole:** You don't, eh?

A 1% change in the cost of an inmate in prison is \$5.8 million. So I think they'd be standard measures. If you don't measure, you can't manage. What is it you measure in the ministry? You know, the minister is crowing about all these wonderful achievements. The only thing I see here is significant increases.

If I had all the money in the world, I'd have the nicest house, the nicest car—there'd be no money left for anything—the nice Rolex, all that stuff, but we aren't in those times. We're in times of flat, perhaps decreasing, growth. Most of the jobs are kind of one-time jobs. The green renewable jobs are basically one-time jobs. They're crowing about all these jobs. They'll put the solar panels up. They don't have somebody there with a hose, washing them down. Once they get them up, pour the concrete pad and put the trackers on—I'm concerned.

These aren't in your responsibility, but you should know what it costs for a 1% increase for the 67,000 employees, lawyers, engineers—I respect them. I think we have a nice province—if Premier McGuinty would quit spending all the money on eHealth and things like that.

**Mr. Ron McKerlie:** So, first of all, there wasn't a 1% increase to 67,000 employees. The compensation for those that aren't bargained collectively has been frozen and is frozen for a period of two years.

**Mr. John O'Toole:** Is it frozen for everyone? Really? Honestly?

**Mr. Ron McKerlie:** It's frozen for everybody who isn't covered by a collective agreement. The other request is that we go back to the bargaining table and bargain with our bargaining agents. In the next round, we'll be looking for two years at zero.

**Mr. John O'Toole:** Deputy, I respect what you're saying, but I'm sure the Ron Sapsford deal, the exit deal for the former deputy of health—probably a really good guy; it's not the deal. But he was smart enough to negotiate two years at \$900,000-a-year income. He wouldn't be covered by any contract except sort of a—I don't know who would be—he wasn't frozen. He wasn't even here, actually.

This is a question I want to table with you. Try and table that for me, if you can figure out—you should. You ran a company at one time. You know very much what an hour of productivity is worth.

If I look at your own ministry, I can tell you there—in vote 1811, there's a good example right there. That's page 62 I'm looking at. There are a couple of numbers in there that are a bit scary.

What's the Ontario shared services, the Financial Administration Act? Your spending is estimated to go up by \$166 million, a 124% increase. What am I getting for that? That's vote 1811, page 62. The estimates change is up \$166 million. What am I buying there?

**Hon. Harinder S. Takhar:** I think some of these expense increases have been because the services have been transferred from other ministries to our ministry as we are trying to consolidate all services under MGS so that we can provide effective services in a more efficient and reliable manner. I'm sure the deputy minister can answer you about what the increases have been and what you're getting for those.

**Mr. Ron McKerlie:** I'll ask our chief administrative officer if she'd talk to that particular detailed question.

**Mr. John O'Toole:** Let's just leave it there. We'll be back next week.

I have one other on page 46, vote 1807; you might flip your book over to that one. It's an interesting one, too. These are indicators to me. This one here is "Employee and Pensioner Benefits" in that vote. Employee benefits are up 10.5% or \$136 million. That's a significant amount. What is that, actually? It's a lot of money there. I guess in the overall scheme of a \$125-billion budget, it's peanuts, really. But it's a lot of money that comes right out of the taxpayer's pocket, and about 30% of them haven't got that kind of income. We're hearing all the time about people who can't afford their electricity bill. But anyway, that's one of them.

**Hon. Harinder S. Takhar:** If you can give us a minute, we can answer those questions.

**Mr. John O'Toole:** All right.

**Mr. Ron McKerlie:** In total, this expense reflects the change in pension and other benefit liabilities and assets. This is a valuation that gets done on a regular basis. In 2011-12, the increase is primarily driven by using updated assumptions and data in the most recent valuation of retiree benefits. Additional funding is required to offset the 2008 decline in the value of pension assets and improvement in pension benefits for the OPP Association. That would drive the bulk of the change in the numbers.

**Mr. John O'Toole:** If I go on to the vote section on page 23, I'm looking at another one: "Employee and

Pensioner Benefits." This is the estimates going up \$134 million, 20.3% of prior spending. This is the implication I was getting at earlier. When you create a base increase across the scale and you amortize that actuarially, it's a significant amount of money that's going into your base, and you can't discharge that. It's not capital spending.

Even Don Drummond, in his latest remarks, has said you have a structural deficit because you're increasing your expenditures and operating faster than the growth in the revenue of the province, which has kind of flatlined. Don Drummond is going to do a review because nobody in the government can seem to figure it out. Honestly, that's why they're calling Don Drummond in. It's like panic mode. They don't know how to deal with it. All these things are negotiated. You've signed the contracts and you're spending money faster than the rate of inflation. You've done it with the secret deal with Samsung and with the OPP. In the ones we can find out, it's a serious problem. It undermines everything you're saying at the table.

Anyway, I think I've run out of time.

**The Chair (Mr. Garfield Dunlop):** Okay, ladies and gentlemen, we have a vote coming up in a few minutes, so we'll adjourn the committee today.

Mr. O'Toole, you'll have 20 minutes when we come back—sorry, you'll have 10 minutes left in this rotation when we come back.

With that, I'd like—

**Mr. John O'Toole:** Ten? I'd like the record to show it's 20 minutes.

**The Chair (Mr. Garfield Dunlop):** Okay. Minister, I want to thank you for being here this afternoon, and all the staff of the Ministry of Government Services.

With that, we'll adjourn until next Tuesday morning, which I believe is May 17, at 9 a.m. Thank you very much, everyone.

*The committee adjourned at 1750.*









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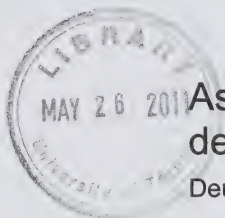
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Second Session, 39<sup>th</sup> Parliament



## Assemblée législative de l'Ontario

Deuxième session, 39<sup>e</sup> législature

# Official Report of Debates (Hansard)

Tuesday 17 May 2011

**Standing Committee on  
Estimates**

Ministry of Government Services

# Journal des débats (Hansard)

Mardi 17 mai 2011

**Comité permanent des  
budgets des dépenses**

Ministère des Services  
gouvernementaux

Chair: Garfield Dunlop  
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## LEGISLATIVE ASSEMBLY OF ONTARIO

## ASSEMBLÉE LÉGISLATIVE DE L'ONTARIO

STANDING COMMITTEE ON  
ESTIMATESCOMITÉ PERMANENT DES  
BUDGETS DES DÉPENSES

Tuesday 17 May 2011

Mardi 17 mai 2011

*The committee met at 0901 in room 151.*

## MINISTRY OF GOVERNMENT SERVICES

**The Chair (Mr. Garfield Dunlop):** Good morning, everyone. Minister Takhar, welcome, and all the folks from the Ministry of Government Services. We're here to resume the consideration of the estimates of the Ministry of Government Services, vote 1801. There's a total of five hours and 35 minutes remaining. When the committee was adjourned, the official opposition had 11 minutes left in its 20-minute rotation. It's now back to the official opposition. You have 11 minutes, Mr. Bailey. You can start.

**Mr. Robert Bailey:** Thank you, Mr. Chair. Welcome, Minister and staff. I'd like to start out here today, Minister—the sunshine list of bureaucrats paid over six figures shows that you handed one of the former deputy ministers—Ron Sapsford—three quarters of a million dollars in 2010, despite the fact that you say he quit in 2009. Minister, when did Ron Sapsford actually leave employment with the government of Ontario?

**Hon. Harinder S. Takhar:** The sunshine list was set up, I think, in 1996, and the amount was \$100,000 at that point in time. If you adjust that amount to today's numbers for the cost of living, I think the number may be very close to \$132,000. If you take that into account, I think 73% of the people who are on the list would most probably not be on the list. That is the number one point.

The number two point that I have, I publicly stated already. The Ontario government is a large organization and a very complicated one from that point of view. Whenever you hire people, you need to hire people in a way that they can actually manage and lead such a complicated organization. Forty-three per cent of our total budget goes into health care. When you hire qualified people, you enter into a contract with them, and if, for any reason, their services are not required, then you basically have to still honour the contract that you entered into. Employees normally have the option either to take their severance in a lump sum or take it on a monthly basis over a period, as stipulated in the contract.

**Mr. Robert Bailey:** Our records show—you say that he quit in 2009, but he's still on the books receiving a salary. So when did Ron Sapsford actually leave employment with the government of Ontario? Would it be 2009 or was it after that date?

**Hon. Harinder S. Takhar:** I think I already answered that question. What I said was, when you hire somebody in that senior position, you enter into a contract. If, for a reason, the contract is terminated, the employee has the option to get his salary paid in a lump sum or over a number of months, whatever is right for them.

**The Chair (Mr. Garfield Dunlop):** Mr. O'Toole?

**Mr. John O'Toole:** Just following up on that, if you would, Minister. Mr. Sapsford's salary went from \$500,000 in 2009 to \$762,000 after he reportedly quit. Can you explain that?

**Hon. Harinder S. Takhar:** I think this is a question more appropriate for the Minister of Health. I don't have access to his contract.

**Mr. John O'Toole:** Can you talk to why the McGuinty government gave him a raise in 2010 after he quit? Do you have any knowledge of that at all?

**Hon. Harinder S. Takhar:** I don't have any knowledge because I don't have access to the contract. I think the contract was signed—

**Mr. John O'Toole:** Wait a minute here. I thought all deals and contracts crossed your desk. You're the minister in charge of all that, and you had no idea?

**Hon. Harinder S. Takhar:** I am not in charge of all contracts. Contracts are individually signed with individual ministries, and they have the details of the contract.

**Mr. John O'Toole:** So the civil service: You have nothing to do with it, then?

**Hon. Harinder S. Takhar:** I have to do with the civil service, but I don't have access to those contracts.

**Mr. John O'Toole:** Well, I'm just wondering. So you had no part of the secret deal with Ron Sapsford; is that what you're telling me?

**Hon. Harinder S. Takhar:** I have nothing to do personally. It's not a secret deal. It is a contract between a senior manager and the ministry that employed him, and they might have the details, but I don't have the details.

**Mr. John O'Toole:** Do either one of your deputy ministers have any information on this?

**Hon. Harinder S. Takhar:** I can ask the deputy minister—

**Mr. John O'Toole:** We're trying to get to who approved this sort of secondary pay stream for Mr. Sapsford.

**Mr. Ron McKerlie:** My name is Ron McKerlie, for the record, Deputy Minister of Government Services,



associate secretary of the cabinet and secretary of Management Board of Cabinet.

I can't speak to the details of Ron Sapsford's employment contract. Those details aren't available to us. He is entitled, though, to severance payments and any banked vacation that he would have had that would have been untaken, those types of things, and they can be paid out, as the minister has indicated, either as a lump sum or they can be paid out as salary continuance, and that would impact his—

**Mr. John O'Toole:** So was this a severance that he got?

**Mr. Ron McKerlie:** That would impact his payments and what would be shown on the sunshine list.

**Mr. John O'Toole:** I thought severances didn't show up on the sunshine list.

**Mr. Ron McKerlie:** Any payments that you get show up on the sunshine list if they're on your T4.

**Mr. John O'Toole:** When you were in your position as secretary to Management Board, you would have been privy to—was the Premier involved in that decision at all—

**Mr. Ron McKerlie:** I couldn't say.

**Mr. John O'Toole:** —of how to dish out this taxpayers' money? Because this seems to me completely repulsive. With respect, it was you, your minister, Mr. Takhar, or the Premier or the Minister of Finance, the very highest level, who made this special secret deal. The people of Ontario are repulsed by this idea that he showed up on the sunshine list after he quit.

So can you explain, Minister, how that could possibly happen? I don't want to blame the civil servants; their hands are clean on this, as far as I can see, and they were forced to do it.

**Hon. Harinder S. Takhar:** I think I have already explained it. I think this is a more appropriate question for the Ministry of Health, when you see them. All the information that I have—I already told that I don't have access to the contract, and I think it's unfair for you to ask—

**Mr. John O'Toole:** It seems unfair—

**Hon. Harinder S. Takhar:** —whether the Premier had anything to do with it or not. I don't think the Premier gets involved in these contracts.

**Mr. John O'Toole:** I don't think he gets involved in quite a few things here, from what I can tell. There's mostly secret stuff going on that I'm wondering—so the Premier, you say, wasn't directly involved. Was it the Minister of Health who said, "How can we ditch this guy that screwed up the eHealth model?"—or at least took the fall for it anyway. It might have been George Smitherman, who left also. But was the Minister of Health involved directly in the decision?

**Hon. Harinder S. Takhar:** Mr. Chair, I can't answer that question. I think you should ask that question to the Minister of Health if she appears before the committee, or you can ask that question in the House.

**Mr. John O'Toole:** I think we have kind of asked the question in the House.

Was Deputy Minister Ron Sapsford, who resigned in the wake of the eHealth scandal, fired or did he quit? That sort of ties into whether you get severance or not. Do you know if he was fired, or did he quit?

**Hon. Harinder S. Takhar:** I have no information on this that I can share with you.

**Mr. John O'Toole:** I don't know which stream of questioning to take here, the fired one—if you're fired, you don't get severance, to my understanding, unless it's in a secret contract provision. If he quit, then he would be entitled to severance, and it seems like he's getting both the pay and the severance. The severance is usually tied to a portion of your pay. He was being paid by Hamilton Health Sciences to cover up his actual pay.

This really isn't a very tasteful discussion here. Do you know anything about how Ron Sapsford was paid, who was paying him? Did the Premier make those high-level decisions? It appears you weren't involved at all.

0910

**The Chair (Mr. Garfield Dunlop):** We've got three minutes left in this round.

**Mr. John O'Toole:** It's not really enough time. I'm going to ask for more time.

**Hon. Harinder S. Takhar:** Through you, Mr. Chair, let me say that I think the Deputy Minister of Health, at that time, was seconded to Hamilton Health Sciences, and that is also a practice that has been used by various governments at various times.

**Mr. John O'Toole:** You're just shifting; you're dithering; you're denying. You're using the Dalton McGuinty strategy—

**Hon. Harinder S. Takhar:** No, but let me just answer it.

**Mr. John O'Toole:** He's dithering—

**Hon. Harinder S. Takhar:** You just want to go on. Let me just answer it now.

**Mr. John O'Toole:** I'm going to ask for unanimous consent for more time so I can pursue this line of questioning for 10 more minutes.

**Hon. Harinder S. Takhar:** And you're going to get that; right?

**Mr. John O'Toole:** I'm sure you're going to deny it.

**The Chair (Mr. Garfield Dunlop):** It's denied. You're now down to two minutes.

**Mr. John O'Toole:** The minister's trying to rag the puck here, so we're going to try to get the puck back.

**Hon. Harinder S. Takhar:** He needs two minutes to ask a question.

**Mr. John O'Toole:** No, we've got the questions. You just have no answers.

We want to finish this section, if we could. Do you know anything about the secret deal with Ron Sapsford, the former Deputy Minister of Health, in any respect?

**Hon. Harinder S. Takhar:** I'm not sure which secret deal you're talking about.

**Mr. John O'Toole:** He was the former deputy. Do you think it was the Minister of Health or the Minister of Finance or the Premier who wired this secret deal?

**Hon. Harinder S. Takhar:** I don't know which secret deal you're talking about, so it's very hard for me to answer that question. There was no such secret deal, so I—

**Mr. John O'Toole:** If it's no secret, why don't you tell me?

**Hon. Harinder S. Takhar:** I don't know what you're talking about. I said that if you have a question—

**Mr. John O'Toole:** It's in the disclosure that he got a raise—

**Hon. Harinder S. Takhar:** —regarding Ron Sapsford, you should ask the Minister of Health—

**Mr. John O'Toole:** Let's sum up here. In 2009, he was making \$500,000, and then he went to \$762,000 after he quit the job. Why did McGuinty give Ron Sapsford a raise in 2010 after he quit? Do you know anything about that?

**Hon. Harinder S. Takhar:** Mr. Chair, I think my critic is more concerned about asking questions than listening to what I have to say. I've answered this question I don't know how many times back and forth. I think what I have said stands on the record.

**The Chair (Mr. Garfield Dunlop):** We're down to a quick 30 seconds here, Mr. O'Toole.

**Mr. John O'Toole:** Was the large increase part of a severance agreement? That's what the Minister of Finance said in the House. I thought you weren't supposed to talk about these things.

**Hon. Harinder S. Takhar:** If he said that in the House, then you should take that as an answer.

**Mr. John O'Toole:** So you're blaming it all on the Minister of Finance.

**Hon. Harinder S. Takhar:** I'm not blaming him. I said if he said that, then take that as an answer.

**Mr. John O'Toole:** You're the czar of the ministry. All deals, all contracts, all powerful decisions are made—

**The Chair (Mr. Garfield Dunlop):** Guys, that's going to clean up this first 11 minutes.

**Mr. John O'Toole:** I am so disappointed that there's—

**Mr. Kim Craitor:** Thanks, John. That was good.

**The Chair (Mr. Garfield Dunlop):** We'll now go to the third party. You have 20 minutes, and then to the government members.

**Mr. Paul Miller:** Thank you, Mr. Chair. I'd like to thank Mr. O'Toole for winding everyone up for me.

Actually, good morning, Minister, deputy ministers and the throngs of backup. I always say that because I'm all by myself. There's only one of me—

**Mr. John O'Toole:** It's lonely at the top.

**Mr. Paul Miller:** Lonely, yes, very.

Anyway, getting down to the nitty-gritty here, in your budget, Minister, on labour relations, public service reform, it reads, "To provide advice on reforms that would help accelerate its plan to eliminate the deficit while protecting education and health care, the government will establish a commission on broader public sector reform. Building on reforms already under way, and on the

approach to enhanced public service delivery laid out in this budget, the commission will examine long-term, fundamental changes to the way government works. The commission's work will include exploring which areas of service delivery are core to the Ontario government's mandate, which areas could be delivered more efficiently by another entity and how to get better value for taxpayers' money in the delivery of public services."

This is what it says.

Don Drummond has been appointed chair of this commission. My first question would be: Who else is a member of this commission?

**Hon. Harinder S. Takhar:** To the best of my information, I think he's the only member of the commission, but if the deputy has any information, he can share it with you.

**Mr. Ron McKerlie:** Sure. This is a Ministry of Finance issue. Don Drummond will report to the Ministry of Finance, but there will be some public servants who will support Mr. Drummond as he carries out his work. It'll be a small number.

**Mr. Paul Miller:** So there'll be nobody from the public sector unions, there'll be nobody from other organizations in the province? Just a one-man show with hand-picked people; is that what you're saying?

**Mr. Ron McKerlie:** I can't answer that question. I don't know who else the Minister of Finance may ask to sit on that committee with Mr. Drummond. I do know there will be a small number of public servants who will help as they go through the review.

**Mr. Paul Miller:** If you're establishing a commission, to me, that's multiple. That's not individual. A commissioner is individual. It says "commission." So you have no facts or who's going to be on it or anything about that.

I would like to know who's going to be on the commission, what areas of the public service sector you're going to appoint—not elect; appoint—to this commission. It certainly is a grey area right now. It sounds like a one-man show. I certainly would like to have more details on how this is going to operate.

What is the specific mandate of this commission? Can anyone answer that?

**Hon. Harinder S. Takhar:** This is the commission that is appointed by finance. My understanding is that finance is next up before the estimates committee. I think that will be a more appropriate question for you to ask the Minister of Finance.

Let me just say this: I think we have gone through the two worst recession years, and it is important for the government to look at every area under their responsibility to make sure that we are getting the best value for the taxpayers' dollars.

Also, our partners, like the unions and all of our employees, are also helping us to accomplish the fiscal realities that we are facing at this point in time.

**Mr. Paul Miller:** Mr. Minister, this is a commission that you're organizing. Now you're trying to say it's the finance minister who's going to have control of it. Is that not passing the buck? I want to know what involvement



your ministry and the guy you're appointing as commissioner, and what jurisdiction—obviously, you've changed jurisdictions. Now you're saying I should talk to the finance people. I'm not talking to the finance people; I'm talking to you. I'm asking you and your deputy minister the question. I don't want to hear about finance. This committee isn't about finance. It's about your ministry. If you're forming this commission, or have a part in forming the commission, then you should have answers. Don't pass it to the finance minister. I don't want to hear that.

**Hon. Harinder S. Takhar:** But this is a commission that is actually being organized, appointed, by the Minister of Finance.

**Mr. Paul Miller:** Then why have you got it in your report? Why isn't it in his report and not yours? What's your role?

**Hon. Harinder S. Takhar:** Our role is going to be to support him in the tasks that he will be performing. If he needs any help from our ministry, we will be providing that. Some of those things might be to look at the Ontario public service: how it's organized, what kind of service it delivers, and so on—

**Mr. Paul Miller:** So I would assume, Minister, you're playing a large part in that, not just a small part. It's all about your ministry and how it's run, how it's financed. You're telling me, on this committee, to ask the finance minister what you're going to do. I have a little problem with that. I think that if you're going to be that involved, to that level, then you certainly should have answers for me and not tell me to ask the finance minister. That's very disturbing.

**Hon. Harinder S. Takhar:** Deputy Minister?

**Mr. Ron McKerlie:** I think there's some confusion. It's a Ministry of Finance committee. It's not our report that you're looking at. It's in the budget for the Ministry of Finance. We will provide, as we do for any initiatives that would be undertaken anywhere in government, public service support if they need public service support. That would be a typical role that MGS would play.

It's not our commission. We didn't appoint Don Drummond. If there are other appointees, we're unaware of them. That would be a question that you could ask—

**Mr. Paul Miller:** But, Deputy Minister, would it be safe to say that this appointment of Mr. Drummond and whoever—if you want to say the finance minister did it, it doesn't matter to me. Whatever, fine. But it certainly would have a lot to do with the expenditures in the government, and you're a huge part of expenditures in the government—probably one of the biggest. So for you to tell me that Mr. Drummond and the finance committee is going to take care of that when I would say 75% of it involves your ministry—and you're saying you're playing a support role. I don't follow that.

**Mr. Ron McKerlie:** First of all, we're not a big part of any of the expenditures of government. Our budget is just slightly over \$2 billion, which includes all the—

**Mr. Paul Miller:** Two billion?

**Mr. Ron McKerlie:** Two billion.

**Mr. Paul Miller:** That's not a lot.

I'm not talking about health. I'm not talking about education. I'm talking about your role in this investigation or committee or whatever you want to call it. You say it's a support role. You're just going to feed him information, and he's going to make the decision for your ministry on money allocations. I assume that; is that correct?

**Hon. Harinder S. Takhar:** Well, hold on. I think that this commission has not started its work yet. When the work starts, the mandate will be determined, and any role that our ministry will have to play, we will play that. But he's looking at the overall government; he's not looking at just the—

**Mr. Paul Miller:** But, Minister, if you're going to put this in your report, if you're going to come to this committee and make it part of your presentation that this is coming down the road, why would you put the cart before the horse? I mean, if he's going to play the most active role in it, why would it be part of your situation here? I don't understand.

**0920**

**Hon. Harinder S. Takhar:** What you are talking about, as the deputy already said, is you are pulling things out of the total budget, right? When this person is appointed, he's going to look at the total organizational structure of the government; look at what some of the opportunities are for us to save money, or to do things differently, if not save money; and how we can operate effectively. I think you need to do that at any organization on a regular basis.

Whatever role we will be asked to play, we will play that. But I think it's more appropriate, because the Minister of Finance announced this appointment, that maybe he can give you a little bit more information than we can give you at this point in time.

**Mr. Paul Miller:** Has the commission developed a work plan? You don't know that either.

**Hon. Harinder S. Takhar:** But I just said to you—

**Mr. Paul Miller:** I heard you, but I'm a little concerned.

**Hon. Harinder S. Takhar:** If I said that, that's what I said. When the commission is working, there will be a mandate developed and we will provide a support role.

**Mr. Paul Miller:** Once again, putting the cart before the horse. Does the commission have a permanent OPS staff appointed to it?

**Hon. Harinder S. Takhar:** I think this is exactly what you're doing: putting the cart before the horse.

**Mr. Paul Miller:** No. It's in this documentation.

**Hon. Harinder S. Takhar:** We said we will provide you—

**Mr. Paul Miller:** Have you appointed anyone?

**Hon. Harinder S. Takhar:** No, we haven't appointed anybody.

**Mr. Paul Miller:** Thank you. That's all I want to know.

Does it have a consulting budget?

**Hon. Harinder S. Takhar:** This person, when appointed, will be paid a certain amount, but that will be determined, again, by the Minister of Finance. It will be in his budget wherever it's appropriate at that point.

**Mr. Paul Miller:** I guess I'm sitting on the wrong committee, then.

When will the commission issue a report?

**Hon. Harinder S. Takhar:** I think this is a question that you should be asking the Minister of Finance, like I said.

**Mr. Paul Miller:** But it's a big part of your ministry.

**Hon. Harinder S. Takhar:** How is this a big part of my ministry?

**Mr. Paul Miller:** Because you're appointing a finance guy to report to the finance committee about how the government is run, how he can improve your situation.

**Hon. Harinder S. Takhar:** But the government is not just the Ministry of Government Services; the ministry is—

**Mr. Paul Miller:** I'm not asking about the rest of them; I'm asking about your role and your ministry.

**Hon. Harinder S. Takhar:** I already said that we will supply support—

**Mr. Paul Miller:** So you don't have an answer. Okay.

Can you table any documents related to this mandate, which is in your report? Can you table any documentation?

**Hon. Harinder S. Takhar:** I don't have any documents.

**Mr. Paul Miller:** You don't have anything. Okay. That's all I need on that one. That's a good start.

Let's get into diversity. As the minister responsible for diversity in the OPS, I'd like to ask a couple of questions. First, what percentage of members of the OPS are visible minorities?

**Hon. Harinder S. Takhar:** We have—

*Interjection.*

**Hon. Harinder S. Takhar:** Sure, go ahead.

**Mr. Ron McKerlie:** Thanks very much. When people join the OPS, we don't ask them, and we don't keep stats in terms of what their ethnic, religious or other backgrounds are—

**Mr. Paul Miller:** That's not what I asked you; I just asked—

**Mr. Ron McKerlie:** Let me finish, if I could. The only way we have is through self-declaration, which happens on an employee opinion survey that we do every other year. Through an employee engagement survey, people can self-disclose and declare their background: their ethnic origins, their religion and so on. I don't have that information in front of me, but that would give us an indication of what percentage of the population in the OPS is visible minorities, which was your question.

**Mr. Paul Miller:** My question was what the percentage was, and you didn't answer me.

**Mr. Ron McKerlie:** It's 19%.

**Mr. Paul Miller:** Nineteen. Thank you. How has that changed, Deputy Minister, relative to the year 2000 and

the year 2005? What's the percentage change from 2000, to 2005, to 19% now?

**Mr. Ron McKerlie:** Perhaps I could ask the head of HROntario if she has that information, if Angela is here and can join me.

**Ms. Angela Coke:** Good morning. I'm Angela Coke, associate deputy minister of HROntario.

As the deputy mentioned, we do not collect this data through our regular system, but we do have people self-identify in our OPS employee survey. We started the survey in 2006 and do the survey every two years. The data that we've been collecting related to people self-identifying what diversity groups they're in. We do not have the information prior to that, so the information that we have is from the 2009 survey. At that point, visible minorities made up 19% of the population.

**Mr. Paul Miller:** Okay. Thank you. What percentage of the members of the OPS upper management are visible minorities—senior management?

**Ms. Angela Coke:** I don't have that information with me here at this time.

**Mr. Paul Miller:** I would like that information, please.

What do you feel the barriers to greater numbers of visible minorities in the OPS, especially in senior management positions, are? What barriers do you see in your public service sector?

**Hon. Harinder S. Takhar:** I think we are making every stride possible to make sure that the workforce at all levels in the OPS is reflective of the whole population. I think the number now—you had asked about the visible minorities—has gone up to 19%. I think that, gradually, some of the employees will move on to the management ranks and so on.

The data maybe is not available, but you can see, if you would just walk around, that people at all levels in the OPS are from the communities—

**Mr. Paul Miller:** With all due respect, Minister, I don't have time to walk around all the buildings to find out who works for whom. I would have no way of identifying, by walking around, who works for what ministry in what. That's kind of a grey area for me. Maybe you could give me some numbers on that. I'd appreciate that.

What are the major programs offered by the diversity officer?

**Hon. Harinder S. Takhar:** I'm going to ask the deputy and maybe—

**Mr. Paul Miller:** What programs to entice or to attract minorities to your service?

**Mr. Ron McKerlie:** Thank you. There's a number. The first one I'll talk about relates directly to your previous question, which is some of the barriers in terms of getting people of diverse backgrounds up into more senior positions. One is a mentorship program that was put in place a number of years ago—I think it's three years old at this point—where all deputies and ADMs in many ministries—directors—mentor one or two individuals of different backgrounds, so either they are a visible minority or somebody with accessibility issues or some-



body from the GBLT community, the idea being to give them access to senior leaders in the organization and also for the senior leaders to understand what sorts of barriers those individuals face in terms of their own career. The mentorship program has been very successful.

We also do online training and education—awareness. Those programs have been in place. All of the staff in the OPS goes through training in terms of diversity training. We also have in place—it's relatively new—an OPS diversity Inclusion Lens, which we're starting to use on the front end of all policy development. The lens would be used, for example, to help us identify, before we create policy, barriers that might prevent people from different backgrounds, in terms of being—

**Mr. Paul Miller:** You're talking about LHINs?

**Mr. Ron McKerlie:** The lens—L-E-N-S.

**Mr. Paul Miller:** A lens, okay.

**Mr. Ron McKerlie:** Yes. So the diversity lens is something that has been recognized internationally in terms of leading best practice. It was created here in the Ontario public service and is being looked at by other jurisdictions now across the country. That's one of the reasons we won Canada's best diversity employer now for the last four years—

**Mr. Paul Miller:** Okay, here we go with the sales routine.

**Mr. Ron McKerlie:** Well, we are one of the few organizations in Canada that has won the Canada's best diversity employer four years in a row. It's pretty impressive.

**Mr. Paul Miller:** Okay. Thank you.

**Hon. Harinder S. Takhar:** Deputy Minister, let me just—

**Mr. Paul Miller:** My next question—

**Hon. Harinder S. Takhar:** Let me just touch on one more program I think that needs to be talked about. It's the internship program for new immigrants.

**Mr. Paul Miller:** How much time?

**The Chair (Mr. Garfield Dunlop):** You've got three minutes.

**Mr. Paul Miller:** Okay.

**Hon. Harinder S. Takhar:** The internship program for new immigrants is a very successful program. The new immigrants are given about six months' experience in the OPS so they can get the experience that they need to be successful, and 80%-plus of employees actually end up at the OPS.

**Mr. Paul Miller:** Thank you.

My last question, for now, is: What is your ministry doing to defend the public dollar when it comes to consultants and to contracts that you sign with people? Have you looked into the area of severances that are exorbitant? Have you looked into, when you sign a contract with someone and they're fired, that they would get nothing for bad performance instead of walking away with hundreds of thousands of dollars? What is your ministry doing, around the cabinet table, to address the concern of the public about these crazy buy-outs, crazy severance packages, and people who are not working and

are still collecting money, as was mentioned by Mr. O'Toole? What is your ministry bringing to the table to stop that practice?

**0930**

**Hon. Harinder S. Takhar:** Let me just start with the overview first. In 2002-03, when our government took power, the total consultant expenditure was in the range of \$656 million a year. That number is down almost 50% right now. So the consultant expenditures have come down. We have put very strict guidelines in place to make sure that the consultants are hired in an open and accountable fashion, and even their expenditures have been limited, what they can claim on their expenditure—

**Mr. Paul Miller:** I don't think that was the question. The question was about the contracts and what you're doing with those contracts you signed when these guys walk away with these nice packages of severance and still aren't working, and could be let go for bad performance or could have been fired. That was the original question. I didn't ask about what percentage or how it dropped, or all that. That wasn't what I—

**Hon. Harinder S. Takhar:** I think you asked the question, "What are we doing to protect taxpayers' dollars?" That's the question you asked in the beginning.

**Mr. Paul Miller:** I asked about contracts. I didn't ask about what you're doing about benefits for consultants or things like that. I want to know exactly—it's a specific question—what your ministry is doing around the table to address contracts where people get fired and walk away with hundreds of thousands of dollars. Are you stopping that practice? I don't want to hear about how many you've dropped in your ministry or how many—

**The Chair (Mr. Garfield Dunlop):** You've just got a minute left here, folks.

**Hon. Harinder S. Takhar:** I will ask the deputy to answer this.

**Mr. Ron McKerlie:** Sure. There are different sets of contracts. In contracts with large consultants, we have built-in off-ramps that give us times when we can actually exit the contract without making substantive payments. That's something that has been in place for the last couple of years and has helped us to develop significant off-ramps.

In terms of employment contracts, an employment contract would have provisions in it, generally, that would limit our payment in the case of firing for cause. So if somebody is released for cause—

**Mr. Paul Miller:** Limit or exclude?

**Mr. Ron McKerlie:** There's still legislated severance that we have to pay in some cases—

**Mr. Paul Miller:** Why?

**The Chair (Mr. Garfield Dunlop):** We're running out of time here, Deputy.

**Mr. Ron McKerlie:** If we're required by law to make payments, obviously we'd carry that out, but we try to limit the liability in other cases.

**The Chair (Mr. Garfield Dunlop):** Thanks, Deputy. Thanks, Minister.

We now go to the government members. Mr. Mauro?

**Mr. Bill Mauro:** Good morning to you and to everybody here, Minister. Thank you. Good to see you this morning. I came in a little bit late this morning, but not too late to hear the member from the official opposition, in his questions to you, bouncing a little bit all over the place and putting questions to you that were obviously not relevant or contained within the purview and authority of your ministry.

The one I'm always interested to hear the opposition talking about is the eHealth piece. It was interesting that that part was put to you by a member from the official opposition, the Conservative Party, when in fact the eHealth piece had begun under their watch. As I understand it, when we came into government in 2003, approximately \$200 million had already been expensed into eHealth. As I also understand it, when we came to government in 2003, for that \$200 million there was not one person who was on an electronic health record in the province of Ontario.

I also understand that at this point we have, I think—and I stand to be corrected—about four and a half million people in Ontario, give or take, who now are going to be on an electronic health record. In fact, I think there was just a big announcement here in Toronto last week in terms of what they were doing to coordinate a lot of different agencies and hospitals and such so that there could be sharing when it came to electronic health records. So, in fact, it's a major step forward. I'm always a bit surprised to hear the members of the official opposition, who started eHealth and spent \$200 million with actually zero results, continue to try and mine something out of that particular area.

What I wanted to talk to you about today, however, was the cost savings that your ministry has been able to find and identify and move forward on. I think it's important—and the context for my remarks would be that families in Ontario, obviously, have found themselves in very difficult circumstances as a result of what the planet has just gone through, that being of course the greatest recession, as some have described it, since the Great Depression. Beginning, I guess, in late 2007 or in 2008, 30 million to 40 million jobs have been lost across the planet. Obviously, this has placed many families in very difficult circumstances. As a result of that, families have had to try to find efficiencies, and I know that they look to governments to be doing the same.

One of the things, though, before I get to the formal question, to provide some context for the recession that we did as a government, some of the process that we involved ourselves in that we all need to talk about a bit is our government's massive investments in infrastructure. I tie this back to the recession and families having to try to find efficiencies themselves. I think one of the things that we can be most proud of as a government is that we were investing heavily in infrastructure long before the recession had even started. I think \$30 billion was the commitment we made in the first mandate of our government, and we had identified that very quickly as one of the three deficits that we found when we came to government in 2003.

We identified an infrastructure deficit, we identified a services deficit and we identified a financial deficit. We were left with a \$5.5-billion deficit by the outgoing Conservative government, as verified by the auditor of the day. That \$5.5 billion is even more remarkable to us when we consider that we were just coming out of one of the greatest periods of economic growth in history, and yet we managed to be left with a \$5.5-billion deficit—in fact, after one of the largest tax shifts in the history of the province, if not the largest, when the Conservatives downloaded significant services on to the back of the residential property taxpayer. I remember that very clearly as a municipal councillor in Thunder Bay at that time.

On top of that, when the recession hit we invested about another \$32 billion—a very significant investment in infrastructure which created a tremendous amount of jobs, many of them in my riding. I've got example after example that I could quote within my riding of Thunder Bay—Atikokan that still to this day is just now even beginning to create more jobs—large infrastructure projects like the brand new courthouse in downtown Thunder Bay, a \$200-million job that's going to create hundreds of construction jobs for years; a brand new long-term-care home, a \$100-million project; and two new coal plant conversions—or not new coal plants, but conversion of two coal plants in my riding of Thunder Bay—Atikokan, neither of which was committed to by any other party. All three parties committed to closing coal, but the other two parties did not commit to anything in terms of retrofit.

The reason I mention the coal plants is that these are the kind of green energy jobs that the Leader of the Opposition is committed to shutting down. What that would mean in my riding of Thunder Bay—Atikokan would be the loss of over 200 jobs; it would mean the loss of \$300 million in construction work; and it would mean the loss of a significant tax base to the city of Thunder Bay and the town of Atikokan. So these are very big, important pieces. That infusion of capital—and I tie this back to efficiencies within government—through infrastructure and job creation was during extreme recessionary times. As a result of that, our government has found itself in deficit, which is one more reason why families in Ontario want to know what we're doing to find efficiencies.

When we talk about the deficit in Ontario, I think it's always interesting to note that our deficit in Ontario, relative to the deficit at the federal level, is relatively in line when you consider that Ontario is about 40% of the economy of Canada. When you look at the numbers and you compare them, federal government to provincial government in Ontario, I think you find that Ontario is not at all out of line. Of course, this is not something that is remarked upon by the opposition parties when they talk about the deficit position that Ontario finds itself in. They often find themselves asking us to spend even more money on certain things at the same time as they are criticizing us for the deficit position.



If I could close with one remark on deficit, it would be that: Relatively, we are very much in line with the same position that the federal government finds itself in. I think it's important to remind people that if there was ever a Prime Minister and a government federally that was ideologically predisposed against running deficits, it would be this current federal government that we have now, and yet we find ourselves very much in line with exactly what they've done. So I think it's important to put that on the record, that we find ourselves in this position.

We tie that back in to where we want to see your ministry going. Just very quickly this morning, I thought of a few examples of efficiencies that we as a government have identified. For example, the 2009 budget identified, I think, a 5% reduction in the OPS—I think that was about 3,400 people—and the 2011 budget committed to a further reduction of 1,500 people. I'm assuming most of those will be through attrition.

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It's interesting that in the 2009 number, the 3,400, about 1,100 or 1,200 of those were people who formerly had to collect the PST and no longer have to do that. They're no longer employees of the province of Ontario. They're now employees of the federal government, which again is interesting when you think of a federal Conservative government that likes to position themselves as not being about big government, but to allow Ontario to go forward with the HST, they were willing to take on 1,200 more employees, or something like that. That's a reduction on our side: 1,200 fewer employees.

I think we led a bit by example, I don't mind saying as well, when we froze MPP salaries. I think that began as a one-year commitment when the recession came in. I think we've extended it by another two, so it's a total of a three-year commitment to MPP salary freezes.

These are just a few examples of things we've done when it comes to finding efficiencies in government.

What I would like to hear from you, though, if I could, is something a bit more specific to your ministry, and that would be with one of the programs and areas of your responsibility, which is the Shared Services Bureau. It's my understanding that there are efficiencies that last year alone have saved as much as \$16 million within the Shared Services Bureau. I guess my question to you would be: Can you expand for us a little bit on what has occurred within the Shared Services Bureau and, in fact, other examples?

Before I ask you to respond, I want to go back briefly to the point you made about consultants in response to a question from one of the members. I remember very clearly, when we first came into government, that one of the first commitments we made was to reduce the use of consultants by the government. I think your remark was that we've reduced the use of consultants by about 50%, from about \$650 million down to \$300-and-some-odd million.

We know that the official opposition was in love with the use of consultants, and we know that many of those consulting contracts sometimes went to people that they

had, let's just say, an affinity or close relationship with. That's where those consulting contracts landed.

We met that commitment, so there's \$350 million. Some of that came in-house, and we believe there are instances where the government can more efficiently, from a taxpayer perspective, deliver a certain service than by using consultants. We all know that there are specific tasks that will always require the use of consultants, where specific expertise is not contained within a particular ministry. There is always going to be good reason to use consultants from time to time, but certainly not to be in as great a relationship with them as the official opposition.

I guess if I could get back to my question, Minister, it would be about the Shared Services Bureau and any other examples you might have in terms of efficiencies that your ministry has been able to identify over the last few years.

**Hon. Harinder S. Takhar:** I want to thank the member for asking the question. Let me just pick up on some of the things he talked about.

The Ontario public service—even though people work in different ministries, they are still the employees of our ministry. The 5% reduction is a 3,400-person reduction that we have already targeted, and we are well on target to achieve it.

You talked about the retail sales tax people. It's going to save about \$100 million to the taxpayers every year, and about \$500 million in savings to business people in the way they file their tax returns as well. So not only is it a tax saving from our point of view, but I think it's a more effective way to do business as well, and that is in line with the HST as well.

In addition to that, we are moving ahead to reduce the workforce by 1,500 more people, and that is also outlined in our budget.

Let me just talk a little bit about the Ontario Shared Services Bureau. Shared Services, as the name suggests, is basically putting some of the common services together in one ministry so you can deliver the services more effectively. This was started in 1998, but it's getting international attention for how successful this program is.

In January 2010, Ontario Shared Services was recognized as the leading-edge public sector shared services organization by Harvard's John F. Kennedy School of Government, and that is the engine for the transformation of government organizations into high-performing enterprises.

Here is the quotation on that, and let me just read it the way it is: Ontario Shared Services' initiative "has made Ontario a model for other governments hoping to take their shared services enterprise to the next level. Since its inception in 1998, Ontario Shared Services ... has evolved from an organization that simply provided back-office transactional support to an entity that is helping to drive transformational change across government." So this has been one of the very successful programs that we have.

I'm going to ask the deputy to actually take you through the details of what this program is all about. But

before I do that, I also want to say to you that we have made significant savings, even in our travel and entertainment expenses. Most of our employees now can do their work by using technology rather than travelling to different destinations; even the meetings are held online by the use of technology as well. We have made significant savings in our information technology as well.

So the deputy is going to tell you all about the Ontario Shared Services, but then he can also talk a little bit about what we have done in the IT area as well.

**Mr. Ron McKerlie:** Maybe I could just start by clearing up some misinformation that was provided the last time we met at estimates. There was a question from one of the members, a statement that spending was estimated in Ontario Shared Services to go up by \$166 million, a 124% increase. It's one line in our budget; that's \$1.66 million, not \$166 million—

**Mr. Bill Mauro:** Just for the sake of a decimal point. I wonder who that question was from.

**Mr. Ron McKerlie:** Overall, Ontario Shared Services' total operating expense for 2011-12 is \$165 million, compared to \$176 million in 2010-11. In fact, if we go back to our results-based briefing book, in 2004-05, the OSS budget was \$184 million; it represented 1.9% of the total budget of government.

In 2010-11, it was \$162 million or 1.17%. It's the reason, as the minister said, that in a report called Shared Services: Horizons of Value—this was a report done by the John F. Kennedy School of Government at Harvard—the only example they could come up with worldwide in terms of their highest tier of transformation for shared services was Ontario. So we have a lot to be proud of. They had American examples for the first three levels, but for the top tier of transformation for shared services, they used the Ontario government.

Ontario Shared Services has a 10-year track record for consolidating and transforming internal service delivery in the Ontario government and relentlessly works to make its programs and services more efficient and more effective.

OSS's key focus has been ensuring that Ontarians get the highest-quality public services and the best value for the taxpayers' dollar. In doing this, it has streamlined and it has improved internal operations, leading change in areas such as supply-chain management, allowing ministries to concentrate on delivering their core services while at the same time freeing up tax dollars for government priorities. OSS has also played a key role in enabling better compliance with internal policies and directives in areas such as procurement and financial management. This, in turn, has generated cost savings for the Ontario government.

Just a little bit more about the role of Ontario Shared Services in helping transform the Ontario public service. Ontario Shared Services is the Ontario government's enterprise business and employee service provider for back-office administration and supply-chain management services. They really operate in four key business areas: financial processing, pay and benefits processing, supply-

chain management, which is all about procurement, and enterprise services.

Just to give you a bit of very quick history: In 1998, Ontario Shared Services began to integrate and standardize a patchwork of inconsistent and redundant services performed by more than 20 ministries into a single shared-service organization. Its early mandate was to reduce costs and increase efficiency by aggregating common administrative services such as payroll, accounts payable, and mail and print services.

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In 2004-05, the Ontario government established Ontario Shared Services by joining government-wide procurement and purchasing functions and the government's financial system, the integrated financial information system, with the existing functions. OSS also consolidated operations from 22 locations in the province to six communities. These include Toronto, Peterborough, Orillia, North Bay, Sudbury and Thunder Bay.

In 2004, Ontario Shared Services established a long-term strategy that really focused on four key areas: (1) reducing the cost of products and services; (2) simplifying and automating transactional processes; (3) streamlining policies; and (4) promoting smart consumption.

So we're focused on reducing the cost of products and services by devoting resources to support strategic controllership function. OSS enables the government to get the best value from its vendors and from its service providers. Over the last five years, OSS has focused relentlessly on ways to simplify and automate transactional processes with the understanding that keeping it simple will make it easier and less costly to deliver these services.

We've looked for opportunities, working with internal partners, to streamline policies to ensure effective controllership and to ensure effective use of government resources. Streamlined policies make it easier for vendors to do business with the Ontario government and promote effective controllership over government resources.

**The Chair (Mr. Garfield Dunlop):** You've just got a minute left, Deputy.

**Mr. Ron McKerlie:** Thank you.

A couple of things that OSS does: It administers the government's provincial budget; it processes about \$5 billion in monthly transfer payments; it manages an accounts receivable portfolio of about 360,000 accounts; it processes the annual payroll—it responds to about 80,000 payroll and benefit inquiries every year—and a host of other things.

Great progress over the year in terms of managing down costs: We continue to shrink, as I mentioned, as a percentage of the total government spend, from 1.9% in 2004-05 to 1.17% in 2010-11.

We will continue to focus on finding cost efficiencies in government. We continue to reduce the number of staff it takes, for example, to run major processes by implementing automation. Recently this year, we consolidated six different print operations in government to provide some economies of scale and a more efficient print. Our



goal is take about half of the cost of our printing out of government over time. For example, we mandated double-sided printing, which has saved us almost 70 million pieces of paper a year.

**The Chair (Mr. Garfield Dunlop):** Thank you very much, Deputy. We'll now go to the official opposition for the next 20 minutes.

**Mr. John O'Toole:** Minister, I'm going to go back to the secret deal with Ron Sapsford. I'm still convinced that we're chasing the rabbit here, and I'm trying to get it to go down the hole so we can contain it. I'm just going to report from a few of the media things that I've sort of been briefed on, which lead me to be suspicious, so I want you to be as direct as possible.

On April 6, you were asked questions in the House—and there was kind of a misreference here. On April 6, Health Minister Deb Matthews was asked directly about the secret deal with Ron Sapsford—this is the article I'm looking at here—and why it was above the salary guideline. The health minister told the media to speak to you. That's what the health minister said.

**Hon. Harinder S. Takhar:** And I did speak to the media.

**Mr. John O'Toole:** Is that appropriate? Was she correct there?

**Hon. Harinder S. Takhar:** Regarding the media, sure.

**Mr. John O'Toole:** Okay. However, later on, in question period on April 7, you referred the question about the secret Sapsford deal to Minister Duncan. Was that deliberately misleading? Did you do it deliberately when you know you should have referred it to Minister Matthews? After all, he was the Deputy Minister of Health.

**Hon. Harinder S. Takhar:** I just said to you that any question regarding the ranges of the deputy minister is a fair question to me. Any question regarding the contract with Sapsford can either be answered by the Acting Premier or the Ministers of Finance or Health. I have no details.

**Mr. John O'Toole:** I think you've pretty well wrapped it up for me. It could have been the Minister of Health who referred it to you, or it could have been the Minister of Finance whom you referred the question to, even though you've just said you should have been—or it could have been the Premier. I think this is at the very highest of levels, and that's the concern that I want registered here today on behalf of the people of Ontario. Did you know anything about the secret deal? Let's start there.

**Hon. Harinder S. Takhar:** First, I don't know which secret deal you're talking about.

**Mr. John O'Toole:** Do we have to go through all this again? I'll go back to my initial questions, then. Sapsford was paid \$500,000, approximately, in 2009, and a year later, in 2010, he was paid \$762,000. Were you aware of that deal? That's well above the guideline, by the way. Were you aware of the deal?

**Hon. Harinder S. Takhar:** I think I made that very clear. I haven't seen the contract.

**Mr. John O'Toole:** Do you think the Minister of Health approved the deal?

**Hon. Harinder S. Takhar:** I would be just guessing. I think you need to ask this question to the Minister of Health.

**Mr. John O'Toole:** I think we should go right to the Premier. I want that question tabled with the Premier, because it's not the staff. They're doing all the paperwork. Of the 70 million pieces of paper or 700,000 that you saved, this is one that I want you to find: that piece of paper with who said what to whom. That's the thing we need to get here.

It's not you, Minister, clearly. I don't have a problem with that, because obviously you don't know what happened; that has been proven here. So that's the thrust of this point of the question, the Sapsford deal. We're not sure. The conclusion is that we don't know who approved the deal within your government, unless you could point to someone. Is there someone you'd prefer that I question in the Legislature? We've got to get this answered, because there's three quarters of a million dollars and you don't know where it went. This is like the eHealth deal all over again. Can you submit the documents or get them? Tell somebody in Management Board or something. Get the paper, put it to the committee and the deal will be over with—well, it will be over with as far as the questions go.

**Hon. Harinder S. Takhar:** I think my colleague clearly pointed out that eHealth, in fact, was started under you, and you guys just want to blame somebody else now.

**Mr. John O'Toole:** It seems like anybody who's around, you're going to deflect it to them. I think we may have to send these questions directly to the Premier so he'll see that you're dancing around here like a puppet.

**Hon. Harinder S. Takhar:** He's in the House every day.

**Mr. John O'Toole:** I see it happening here in living colour, three dimensions, high definition, and I'm really at a loss on what to go with. I've been sort of stonewalled.

**Hon. Harinder S. Takhar:** You just told me that somebody gave you these questions.

**Mr. John O'Toole:** I just want somebody to give me the answers.

**Hon. Harinder S. Takhar:** So who's the puppet here?

**Mr. John O'Toole:** These are coming right out of the Hamilton Spectator. These are reporters.

**Hon. Harinder S. Takhar:** You said that somebody just gave you this briefing.

**Mr. John O'Toole:** These people want to know, Minister. It's the people of Ontario that you're denying an answer. I can't believe it. In fact, a lot of what's going on here is typical and disappointing.

**Hon. Harinder S. Takhar:** Is this coming from your leader, by the way?

**Mr. John O'Toole:** Pardon?

**Hon. Harinder S. Takhar:** Are these questions coming from your leader?

**Mr. John O'Toole:** These questions are coming on behalf of the people of Ontario. Never, ever disrespect those people, because if you aren't respecting the people of Ontario, you've lost the right to govern.

**The Chair (Mr. Garfield Dunlop):** Okay. Next question.

**Mr. John O'Toole:** I would only say that this is a matter of the credibility of the minister. I know that's partially unparliamentary to say that—

**Hon. Harinder S. Takhar:** Then don't say it.

**Mr. John O'Toole:** —but this deal is at the highest level, one particular instance where there has been a pay—we don't know whether it's a contract; we don't know who signed it; we don't know what the severance amount was—or was it included? Answer this: Is Ron Sapsford still on the payroll in any way?

**Hon. Harinder S. Takhar:** I said to you that I don't have the details on the contract.

**Mr. John O'Toole:** It's a yes-or-no kind of question.

**Hon. Harinder S. Takhar:** I think you should ask this question—

**Mr. John O'Toole:** Sounds like skating to me.

**Hon. Harinder S. Takhar:** Nobody handed me these questions and answers, so I'm just—

**Mr. John O'Toole:** I'm asking a question: To your knowledge, is Ron Sapsford still on the payroll?

**Hon. Harinder S. Takhar:** I think the good answer is, you should ask the Minister of Health when she appears before the committee.

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**Mr. John O'Toole:** Do you know if the previous administrator, Sarah Kramer, is still on the list?

**Hon. Harinder S. Takhar:** Let the deputy answer this question.

**Mr. Ron McKerlie:** I know that Sarah Kramer is not on the payroll.

**Mr. John O'Toole:** That's for sure? She's not contracted back for consulting or—

**Mr. Ron McKerlie:** That's my understanding.

**Mr. John O'Toole:** We'd like that confirmed. We want to make sure you've turned the corner on this stuff. Ron Sapsford—I'm suspicious that he's either back at the Hamilton Health Sciences centre—I saw him here about a week ago. Yeah, I did. I'm not kidding. He's almost like that former deputy minister who became chair of Hydro One and sued the government.

**Mrs. Donna H. Cansfield:** What was her name—Eleanor—

**Mr. John O'Toole:** Yeah, Eleanor Clitheroe.

**The Chair (Mr. Garfield Dunlop):** Okay, let's—

**Mr. John O'Toole:** My point here—you're trying to change the way government is done. It seems like you have failed, clearly.

**Hon. Harinder S. Takhar:** We have to change the way the government is done, because you paid—

**Mr. John O'Toole:** Can you confirm that Ron Sapsford is still not on the payroll or somebody's payroll

within the government? Can you confirm that he is or isn't?

**Hon. Harinder S. Takhar:** We will check that and confirm it for you.

**Mr. John O'Toole:** Will you table that information?

**Hon. Harinder S. Takhar:** We will get back to you. We still have a few hours to go.

**Mr. John O'Toole:** I'll send that question to the media.

In fairness, there was one question made here, a statement made by your parliamentary assistant, who said that there was nobody left at the Oshawa Ministry of Revenue office still working for the government.

**Hon. Harinder S. Takhar:** I don't think he said that.

**Mr. John O'Toole:** I'm not sure, but he said that there was nobody left there. I know they're still there. That used to be part of my riding. They're still going to the same job and the same desk. The only thing that's changed is their business card. How much was the severance package for those people?

We need that information tabled. You don't need to take a lot of time answering it. They're still there doing the same job, under an agreement with the federal government. It's my understanding that—

**Mr. Bill Mauro:** Who signed their cheque?

**Mr. John O'Toole:** The people of Canada. You're paying for the service, no question about it, in the agreement.

**Mr. Bill Mauro:** Who signed those contracts with them?

**Hon. Harinder S. Takhar:** I think the severance pay for those people was \$21 million.

**Mr. John O'Toole:** Twenty-four million dollars?

**Hon. Harinder S. Takhar:** Twenty-one million.

**Mr. John O'Toole:** And they're still doing the same job the next morning? That's a good deal. These deals that they're making there are—the trivial amount of \$21 million. How many people in long-term care could have been served with that \$21 million? The whole point is, this isn't about self-gratification or rewards for performance, or lack of it. The Ron Sapsford deal is the one that is most troubling. How many others are you willing to disclose today who are on a similar kind of arrangement—gone but not forgotten?

**Hon. Harinder S. Takhar:** Interesting question. First, the OPS employees do incredible work. On a per capita basis, our cost is the lowest in the whole of Canada. When you enter into a contract, it is an obligation of any government that you honour those contracts, and this was part of the contract. We need to honour it. But going forward, we are making changes to these provisions, and you are even objecting to those.

**Mr. John O'Toole:** I think that what I'm objecting to—the question was, how many other agreements or secret deals are out there?

**Mr. Bill Mauro:** Ask Mr. Miller if he thinks we should have honoured those contracts.

**Mr. John O'Toole:** I get to ask the questions. He gets to answer them.



Do you suspect there are any other disbarred, disenfranchised employees who are still on a severance package—severed and still getting paid?

**Hon. Harinder S. Takhar:** I think I answered the question. If you enter into an agreement with anyone and if their services are terminated and there is some provision in the agreement for them to get any severance pay—

**Mr. John O'Toole:** If they get fired, do they get severance?

**Hon. Harinder S. Takhar:** We need to honour those contracts. Going forward, we are renegotiating all those contracts and trying to get these provisions out.

**Mr. John O'Toole:** I thought there was a freeze on all this stuff.

**Hon. Harinder S. Takhar:** The issue is, you guys don't support even those provisions going forward.

**Mr. Bill Mauro:** A freeze on honouring contracts? Is that what you just said?

**Mr. John O'Toole:** There was a freeze on pay, I thought. Is there a freeze on pay or not?

**Hon. Harinder S. Takhar:** Is this out of the question that you got?

**Mr. John O'Toole:** Is there a freeze on pay?

**Hon. Harinder S. Takhar:** I think we are—

*Interjections.*

**Mr. John O'Toole:** Here's the deal. You're the integrity czar. That's what your nickname is. He has earned that. How do you punish the Minister of Health and the Minister of Finance because they released information about Sapsford? There was information released by them that you refused to introduce. You said it wasn't supposed to be in the public domain. Or do you think it's okay to release all this information on these private contracts?

**Hon. Harinder S. Takhar:** I think it depends—

**Mr. John O'Toole:** Should it all be public?

**Hon. Harinder S. Takhar:** Listen, it depends on what the agreements are. In our government, we have done everything possible to make sure that we are more accountable to the public. We have brought more organizations under freedom of information than what you ever had. Even on the freedom-of-information requests, you only answered about 57% of the requests. We are answering over 86% of the requests. We are doing it in a timely way. So I am not sure which government is more accountable. I think our government has been very accountable, very open and very transparent to the public, and we will always do that.

**Mr. John O'Toole:** Well, I can't say that you're following your own rules of disclosure here, because we've asked you who approved, and why, the Ron Sapsford secret deal.

**Hon. Harinder S. Takhar:** I said to ask the Minister of Health when she's here—

**Mr. John O'Toole:** Ask somebody else; blame somebody else. I should ask Stephen Harper.

**Hon. Harinder S. Takhar:** Well, that would be a good idea.

**Mr. John O'Toole:** See, this is it: They want to deflect everything to the federal government—

**Hon. Harinder S. Takhar:** You said you should ask. I said it's a good idea. Ask him.

**Mr. John O'Toole:** Well, I'm left, when you're saying you're more open and transparent—

**Hon. Harinder S. Takhar:** You may have a direct connection with them. We don't.

**Mr. John O'Toole:** There are just two simple cases. The Sarah Kramer deal is one; the Sapsford deal is another. There are probably others. Where there's one, there's more.

**Hon. Harinder S. Takhar:** And Eleanor—

**Mr. John O'Toole:** The OPSEU secret deal is another example that recently—most of these important decisions are being made behind closed doors.

I can't for a moment have any confidence in some of these estimates responses. I'm asking you again to table what your feeling is, or at least the information, about who—the Minister of Finance, the Minister of Health or the Premier—agreed to or initiated the Sapsford special deal—firing, dismissal; whether he's still on secret contract, working for who knows who. Can you table that information for us, please?

**Hon. Harinder S. Takhar:** If I have any information in my ministry, we will table it, but I don't think we have any information. I think that discussion more appropriately should be addressed to the Minister of Health.

**Mr. John O'Toole:** I would hope you do that, and we can trust that you will, if that's the case.

But I'm saying that this exception—there are other exceptions in other ministries that you're aware of, that are being paid over the scale or over the guideline, 50% over the guideline, who might be being paid through other hospitals or other universities? This would be any civil servant who's on a special deal that you would have signed. These are all contracts.

**Hon. Harinder S. Takhar:** Listen, there are other people paid over the ranges, even in the deputy ministers' ranks. There are five deputy ministers who are paid over the range. But then again, I think the ranges are the guidelines, and when you have a very sophisticated, complicated organization, you need to bring in the people who can actually do the job and do it effectively. That's why sometimes you have to enter into an exception beyond the ranges, to attract the top-calibre people. I mean, it is not only our government that has done it. The previous governments have done it. At various levels, it has been done because you need to bring in the people who can actually manage the organization in an effective manner.

**Mr. John O'Toole:** How are these people paid, though, Minister? Are they paid directly and it would be disclosed on the sunshine list, or do we have to go to some other source of how you circumvented the disclosure of what they're actually being paid?

**Hon. Harinder S. Takhar:** I think most of those people are hired directly by the government, but there are always exceptions. Sometimes you have to second

people. The Ministry of Education seconds people from the school boards. The Ministry of Health—

**Mr. John O'Toole:** Could you table some of that information you're just talking about now? Because if they're seconded, they could be paid to the ceiling on the grid they're in, brought in as assistant deputy or whatever it is, and they could also be receiving their pay from the school board, as you said, or the hospital. Is that right? Maybe that's—now we're getting to how Sapsford was paid.

**Hon. Harinder S. Takhar:** No, no, you can't get two salaries. You can't—

**Mr. John O'Toole:** You can't?

**Hon. Harinder S. Takhar:** You can't get two salaries. You can't get paid—I mean, it is the agreement that you reach with them. They can't be paid by the school board if they are not performing any function at the school board. They will only be paid or reimbursed for the services that they provide.

**Mr. John O'Toole:** In the last year, did Sapsford's salary come directly from Hamilton Health Sciences or did it come from the Ministry of Health?

**Hon. Harinder S. Takhar:** I will ask the deputy if he has any information, because I don't have those details.

**Mr. John O'Toole:** Because you transfer to the hospitals their global budgets, and they can have discretion in how much they pay to different people. The question: Was Mr. Sapsford paid by the hospital through transfers or directly from the ministry or both?

**Mr. Ron McKerlie:** Ron Sapsford was one of the last few senior-level secondees that we had left in government. Other ones: The secondments have ended in most cases. I think we only have one or two left. So the cost for his compensation would have come from the Ministry of Health's budget, but he was paid from Health Sciences as part of the secondee arrangement.

**Mr. John O'Toole:** So the others who remain: Could you disclose those for us, whatever level they're at? They could be, as was said, highly technical people that, arguably, you could justify you needed, that are secondees to whatever ministry—innovation; whatever—and are being paid—what they're being paid; how much and who's paying them?

**Mr. Ron McKerlie:** Their salaries are disclosed through the sunshine list every year.

**Mr. John O'Toole:** They're all on the sunshine list?

**Mr. Ron McKerlie:** Yes.

**Mr. John O'Toole:** They wouldn't be receiving extra bonuses or performance—

**Mr. Ron McKerlie:** As the minister said, you get one salary. You might get bonuses, performance bonuses and so on.

**Mr. John O'Toole:** No, no, no, there are bonuses too because, remember, there are a couple who didn't achieve their goals and got bonuses. We don't want to go down that road, because now, if you're saying there are bonuses—there are, for people that are over the salary because they're so good, and probably they are; and then they get a bonus, but they only get the bonus if they

achieve the goal or the target. Who are the people that are getting a bonus and not achieving the target?

**Mr. Ron McKerlie:** Sounds like nirvana to me, but I don't think that exists.

**Mr. John O'Toole:** Oh, it does.

**Mr. Ron McKerlie:** I can't imagine we've got people who aren't hitting the targets—

**Mr. John O'Toole:** Oh, yes, there are people who got bonuses—I think it's in your own ministry.

**Hon. Harinder S. Takhar:** In my ministry—

**Mr. John O'Toole:** Get bonuses and never got the targets.

**The Chair (Mr. Garfield Dunlop):** We're down to 30 seconds here, folks.

**Hon. Harinder S. Takhar:** The bonus structure was set up by your government. You know that.

**Mr. John O'Toole:** It's a good idea; you're running with it.

*Interjections.*

**Mr. John O'Toole:** The minister's running with the idea—

*Interjections.*

**Mr. John O'Toole:** Imitation is a form of flattery.

**The Chair (Mr. Garfield Dunlop):** Okay, guys, that wraps up this morning's session. We'll recess until—it looks like it'll be close to—

*Interjections.*

**The Chair (Mr. Garfield Dunlop):** It looks like it'll be close to 4 o'clock today, not 3:45, because of the number of things that are on the agenda.

*Interjection.*

**The Chair (Mr. Garfield Dunlop):** It'll be right about 4 o'clock, I think.

**Mr. Paul Miller:** I thought it was a quarter to. It says a quarter to.

**The Chair (Mr. Garfield Dunlop):** It is 3:45, but I can tell you by the number of things that are on the agenda today, it'll be close to 4. So we'll recess till that time. Thank you very much, Minister.

*The committee recessed from 1013 to 1626.*

**The Chair (Mr. Garfield Dunlop):** Okay, everyone, thank you very much for your patience. Sorry it took so long today for the standing orders to be complete.

When we recessed earlier today, the third party was just about to start a 20-minute rotation. So, Mr. Miller, you have 20 minutes. You can begin right now.

**Mr. Paul Miller:** Good afternoon. My first question would be in reference to the Office of the Information and Privacy Commissioner, which your ministry controls. Minister, as the minister responsible for freedom of information and privacy, I just want to ask you a question stemming from the 2010 annual report by the privacy commissioner. According to the commissioner, they have "urged the provincial government to bring in a regulation to prescribe specific fees that health information custodians may charge individuals to access copies of their own personal health information records. In the absence of a prescribed amount, PHIPA permits custodians to charge the amount of 'reasonable cost recovery.'"



I just wondered, Minister, why you haven't brought forward any regulations to set a prescribed amount for health information custodians to charge those who want access to their own personal health records. Why are there no regulations?

**Hon. Harinder S. Takhar:** The report was released by the Information and Privacy Commissioner this morning. I actually have been in meetings all this morning—first in question period, then the caucus meeting and other meetings—so I didn't really have a chance to read the report yet. I welcome the commissioner's report. We also acknowledge and appreciate the efforts of the commissioner in advocating on behalf of Ontarians' access to privacy rights. I need to read the report and see what is said in the report before I can comment on the report.

My understanding was that the draft regulations, at one point, were circulated to this effect—what the fees should be—but I need to check the status of those.

**Mr. Paul Miller:** I think the title of the report was Rolling Back the Cost of Obtaining Our Health Records. To give an example that's been going on for years, the commissioner cited a 2010 case.

"The Assistant Commissioner (Access) issued order HO-009 after a patient complained about the \$125 fee charged by her physician for access to 34 pages of her records. After reviewing a number of fee schemes, including the regulations made under the provincial and municipal freedom of information and protection of privacy acts, the Ontario Medical Association guide, and the discretionary flat fee recommended by the Ontario Hospital Association, Assistant Commissioner Beamish determined that the fee scheme set out in the proposed regulation published in 2006 provided the best framework for determining the amount of 'reasonable cost recovery.'

"The Assistant Commissioner found that the \$125 fee exceeded 'reasonable cost recovery' under PHIPA. Based on applicable calculations, the physician was ordered to reduce the fee to \$33.50."

Basically, Minister, what I'm saying is that this has been going on for years.

Regardless of the report that has been put out recently, what is your ministry doing to keep fees consistent and fair and not allow different governmental organizations to charge off-the-map fees? There's no consistency throughout the system, under your jurisdiction. They vary from 70% to 100%—difference in costs—depending on whether it's a doctor or a clinic or an agency. What is your ministry going to do to alleviate some of the costs to the public and rectify this situation—that's going to be for reasonable, consistent costs throughout the province?

**Hon. Harinder S. Takhar:** Just glancing through this report, I think this issue mostly relates to getting health records from the hospitals. So the issue more or less falls under the Ministry of Health.

Our government has been very clear that this kind of information should be available to people, and that's why we have brought in legislation that will make more information from the hospitals available to people by January 1, 2012.

I think the deputy minister has—

**Mr. Paul Miller:** Thank you, but before you go on, Minister: Once again—it happened this morning—you're saying it's under the health ministry. It is not. It's a freedom-of-information request, and you have control over freedom of information. So it doesn't matter what ministry the request goes to. It comes under your direction, your ministry. It's starting to irritate me that you keep saying it's health when it's not. This falls under your ministry. We're not talking about the actual content of the record. We're talking about the ability to get access to the record, which falls under you, not under health. I'm not asking you to do a doctor's job; I'm asking you to release the information at a reasonable cost to the people who are requesting it. I don't understand why you keep saying it falls under health.

**Hon. Harinder S. Takhar:** The Information and Privacy Commissioner reports to the Ministry of Government Services, but the hospitals report to the Ministry of Health. So it is not the issue that the information is not available; at what cost it's available, I think, is the issue that you have been raising.

The rules and regulations—actually, the draft was sent by the previous Minister of Health, so we need to check the status of that. But if the deputy minister has any more information, then he will be more than pleased to share it with you.

**Mr. Ron McKerlie:** Thank you very much for the question. PHIPA does prescribe—and the rates were set back in 2006—that the rate to be charged is a reasonable-cost-recovery rate. I guess the challenge in the instance that the privacy commissioner has referred to in her report, which came out today, and which I also have not yet had a chance to read, is the interpretation of "reasonable cost recovery."

We can certainly, and at some point would likely want to, go back and look at the language in the 2006 regulation and perhaps also look at the rates at that time that were set and ensure that they're still appropriate.

I could probably respond better once we've had a chance to actually read the report and understand the particular situation that she's referred to.

**Mr. Paul Miller:** Frankly, it doesn't refer to the amount of money. Basically, it's the difference in charges that are made by individual doctors and clinics. There's no consistency to the amount.

This recommendation said that they ended up ordering \$35 from \$125 that the doctor charged. That's a huge difference to an individual who could be financially challenged or on a fixed income. What you have to do is get a handle on the costs and make them align with society at different levels of income. You've got to have some consistency. To a person who makes \$100,000 a year, \$125 is not a big deal, but 20% of the people in my riding live below the poverty level, and \$125 could be the difference between them staying in their apartment or not being able to pay their hydro bill.

How does it get so out of whack? When people make a freedom-of-information request and they get charged

these crazy different amounts, how does the ministry explain it to these individuals who are paying these exorbitant fees for information that's about them? You're going to study it—you're going to do this, you're going to do that. It's been going on for years, and you've done nothing to help these people who are struggling with these costs.

To tell me that you're going to do another review and you're going to start the old ball rolling again with the consultants and do all the things you do—it just doesn't cut it. I'm asking: What are you going to do to fix this ongoing problem that's been around for years? Even when they started the scheduling for doctors, as you know—you used to go to a doctor, and it was, like, \$10 for a note; then it went to \$25. Now some of them are \$75 or \$100. There's no control from this ministry about requesting information from your own physician or whatever. There should be guidelines and set fees that these guys can charge individuals, whether it be a doctor, a clinic or whatever. They're writing their own ticket. It's unacceptable, and your ministry is doing nothing about it.

You're talking about studying it again. I can tell you that, from the first time I went to a doctor and paid \$5 for a note for school or whatever the heck I had to pay for, it's now, like, \$75 or \$100. It depends on the doctor, and if it's a specialist, it's even more. It's out of whack. And who do you complain to? You guys and freedom of information. If I request medical files about myself and I've got to pay \$125 for records that are there that are mine, and when you transfer—when a doctor dies, he passes your—they even charge you to go to the new doctor to get your files sent to him. You have to tear out teeth to get the old files from the old doctor to send to the new doctor, so you can get your own files that are about your medical history. What is your ministry doing about things like that?

**Hon. Harinder S. Takhar:** Let me say that the fee structure for the FOI request was last updated in 1996 by the government that was in power at that point in time. The rates have not changed since then. So if they were affordable at that point in time, you will say that they will be affordable at this point in time. But I hear your point, and even if you look at that report—

**Mr. Paul Miller:** Minister, with all due respect to you, you can call it \$10 in 1996 and it can still be \$10 now in 2011, but if the individual who's charging you to get that information has quadrupled or tenfolded the cost of the original 1996 fees, who do people go to to say, "This guy's ripping me off"? It should have been \$10 or \$15 like it was in 1996 because they haven't changed. But if you go to any situation in this province, it's quadrupled. There's no connection between the 1996 fee and what actually is charged by all these people. They are actually not following the guidelines that you set forth from your ministry in 1996. So what do I tell people when they say, "Look, this guy wants \$150 to get my dental records," or whatever, and it's only supposed to be, as you pointed out, \$10? What are you doing to stop these people from ripping off the public?

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**Hon. Harinder S. Takhar:** But if you read the report—and I just glanced through it—on page 8, it says: "In March 2006, the Minister of Health and Long-Term Care published a draft regulation prescribing the fees that a health information custodian may charge for access."

What I said before was that we need to check out what the status of that is and where that is. If this has been finalized and needs to be implemented, then we'll work with the Minister of Health to do that. But that's what it says.

**Mr. Paul Miller:** Well, it may say that, but you're not—once again, it's enforcement. Who do these people go to, other than the ministry, which is in charge of information and privacy, about these fees that are being charged to them? Who do these individuals go to to complain? Because, obviously, the doctors aren't listening, the hospitals aren't listening and they're not following your guidelines.

**Hon. Harinder S. Takhar:** They go to the Information and Privacy Commissioner—

**Mr. Paul Miller:** And then what do they do? They get charged to go there. And what do they do? Now they get charges on top of charges to get privacy information that belongs to them. You can smile, but I know people who are getting ripped off out there, Minister, for their own information about their own health. It's unbelievable, what's going on out there.

Anyway, you've answered the way you've answered. I'll move on. I'll let that one die; no pun intended.

Could you elaborate on the changes that were made to your legislation that allowed hospital committees to withhold—I repeat: to withhold—information on patients? Would you like me to repeat that?

**Hon. Harinder S. Takhar:** Yes, can you repeat it?

**Mr. Paul Miller:** Could you elaborate on the changes that were made to your legislation that allowed hospital committees to withhold information on patients?

**Hon. Harinder S. Takhar:** This is the issue for the Ministry of Health, right? It's the Ministry of Health's legislation.

**Mr. Paul Miller:** It's freedom of information, which falls under your auspice. It has got nothing to do with the health.

**Hon. Harinder S. Takhar:** It is the FIPPA legislation. It's all with the Ministry of Health. You're asking me for—

**Mr. Paul Miller:** Well, why don't you just give your ministry to the health ministry and then we won't have to worry about it?

**Hon. Harinder S. Takhar:** But I already talked about that, right? This one here. The hospitals, effective January 1, 2012, which will give them a year to change—let me give it to the deputy minister.

**Mr. Ron McKerlie:** Under the Broader Public Sector Accountability Act, which extended FIPPA to hospitals, effective January 1, 2012, there was a specific set of new exemptions for some hospital records that were introduced.



**Mr. Paul Miller:** Why were there new exemptions sent forward? Who wanted that? Who ordered that?

**Mr. Ron McKerlie:** During consultations with hospital stakeholders, it became evident that a limited number of unique hospital records required protection. Because existing FIPPA provisions did not address some legitimate hospital interests, a limited number of amendments to the act were introduced. Most of the exemptions are consistent with those found in other provincial access and privacy statutes or those already existing to address similar concerns in educational institutions.

For example, a particular exemption put in place was to protect quality-of-health-care information introduced in the budget bill. To ensure adequate protection of quality-of-health-care information, Bill 173, the Better Tomorrow for Ontario Act, 2011, is amending FIPPA to create a new discretionary exemption related to this particular information. This was an exemption that was proposed by the Ministry of Health. It's designed to enable quality-of-care issues to be raised and discussed in hospitals.

Importantly, the exemption has been drafted so that the Information and Privacy Commissioner will be able to order disclosure of quality-of-care information where she finds that there's a compelling public interest to do the disclosure.

**Mr. Paul Miller:** So what you're saying is—let me get this right—it's in the hospitals' interest, not the patients', and it's discretionary upon the chair of the board of the hospital, or whatever, what information they're going to pick and choose to release regarding my health, or anyone else's who requests it. They're making the decision in the best interest of the hospital—for what reason? To protect the hospital and their employees, or to streamline policy, or to keep something quiet they don't want to get out? I always thought that the whole purpose of freedom of information was to be able to access information, for your own personal health, that may be required for further treatment, whether it be in Canada or out of the country. It shouldn't be up to the hospital to withhold information on you. It's not about the hospital's interests; it's about you, the patient. The patient comes first, not the hospital. That's why they're there; they're a service.

I'm very concerned with that answer. That's telling me that there are discretionary choices by the hospital board or administrators when it comes to my personal records. I really have a problem with that.

**The Chair (Mr. Garfield Dunlop):** Just a minute to clean this up, okay?

**Mr. Paul Miller:** Yes.

**The Chair (Mr. Garfield Dunlop):** Thank you. You've got a minute left in this answer, and then we're going to go to the government.

**Hon. Harinder S. Takhar:** I think that, number one, we are now trying to debate legislation which has already passed. That's what we're trying to debate here. This issue should have come up at that time. The other is, these exemptions allow the boards to discuss quality-of-care issues out of the public view.

**Mr. Paul Miller:** Out of public view—in camera?

**Hon. Harinder S. Takhar:** Yes, but sometimes you have—you can't discuss somebody's private information in public.

**Mr. Paul Miller:** You can if I request it, and I'm the patient.

**Hon. Harinder S. Takhar:** Yes, but you still don't want to disclose it to the public; you want to disclose it to the person.

**Mr. Paul Miller:** Well, what are they hiding?

**Hon. Harinder S. Takhar:** There's nothing to hide, but you don't want your information going all over.

**Mr. Paul Miller:** Why would it be going out when I'm requesting it personally, for me? I'm not going to put it in the Spectator, Minister.

**Hon. Harinder S. Takhar:** But it depends on what the information is and what—the professionals should be able to decide what is important, right?

**Mr. Paul Miller:** Not when it comes to my health, they shouldn't.

**Hon. Harinder S. Takhar:** But they are giving you most of the health information now. It's the quality-of-care issue.

**The Chair (Mr. Garfield Dunlop):** Okay. We'll have to continue this in the next round. We'll now go to the government members. You have 20 minutes. You can start right now, Mr. Mauro.

**Mr. Bill Mauro:** Minister, I thought that this afternoon, it would probably be a good idea to give you and your staff an opportunity to talk a bit about business and Open for Business in Ontario. I think that it's extremely relevant that we spend a bit of time on that this afternoon in committee. I'm happy that it's televised. I think it's important that we have an opportunity to express some of the sentiment out of your ministry when it comes to Open for Business, but especially in the context of what has been stated publicly in terms of some of the policy positions that are coming forward from some of the opposition parties.

One of the ones that I'm referring to specifically and that I'd like to talk a little bit about is what the Conservative leader, Tim Hudak, said, I think it was last, week for the first time. I would have to believe that his comments would have sent a major chill through the business investment community not only in Ontario, but any people considering foreign investment in Ontario as we come out of a recession, trying to get jobs back. In fact, I remember quite clearly the Minister of Economic Development and Trade speaking very clearly on how well Ontario was doing currently when it came to foreign direct investment. So we're actually making great strides.

I believe that when she was discussing this topic, she said that Ontario—and I'm not sure what the parameter was, whether it was the OECD or North America, in terms of national and subnational jurisdictions—was second only to California when it came to foreign direct investment in our jurisdiction, provincially. It was really quite a remarkable thing, when you think about it. I men-

tion that in the context of what was mentioned by the Conservative leader specifically on the Samsung deal.

There are others in the room who maybe know more about business investment than I do—I'm sure there are—but I can only imagine what the international and the internal investment community was thinking when they heard somebody take the position that they would cancel a \$7-billion deal, a contract that was already in place.

I think I know why he took that particular position. I think he's attempting to link \$7 billion in the minds of the public to what might show up as an expense on their hydro bills, when, in fact, of course, that's not the case at all; the \$7-billion Samsung deal represents \$7 billion of private investment in Ontario. It has very little, in fact, to do with their energy bills. But unfortunately, it's quite disingenuous. I think the Leader of the Opposition has intentionally made what he probably believes is a strategic decision to try to link in the minds of the public \$7 billion to an expense on their hydro bill. Of course, we know that's not the case. I think that's extremely unfortunate.

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Now, if that's a strategic decision he's made, I suppose he's made his choices and he's going to run forward with that. But it's important that people know that that \$7-billion number was private investment that would accrue into the province of Ontario over the course of the next number of years; I'm not sure how long. If there was ever a job-killing announcement that was made by anybody, that's the one that I think of.

It's unfortunate, and I know my friend from Durham across the way will have some opportunity to talk about this, perhaps, in his 20 minutes, but there are already cracks in the Conservative caucus showing up on this particular file. I know that Mr. Hardeman and Mr. Klees both find themselves a bit conflicted by that announcement by their leader. It's unfortunate.

There's a second piece to this that I want to talk about that has a local flavour for me. The Samsung deal is very much about renewable energy, and we've come to realize that it's not something that's supported by that particular party. I guess that's fine. They have their own suggestion and plan coming out when it comes to energy, I suppose.

I think it's important to remind my constituents in Thunder Bay–Atikokan that we also have a green energy project coming forward, and that's the conversion of the two coal plants in my riding. We're going off coal. I have two coal plants in my riding: one in Thunder Bay and one in Atikokan. All three parties, I should put on the record, committed to closing coal plants in 2003—Howard Hampton, when he was the leader of the NDP; Ernie; Eves when he was the leader of the Conservatives; and us; all three committed to closing the coal plants—but we're the only party that's committed to the conversion.

My concern is this: Given what the leader—

**Mr. John O'Toole:** That's not what he said.

**Mr. Bill Mauro:** Well, it is what he said.

Given what the Leader of the Opposition, Mr. Hudak, said last week when it came to the Samsung deal, I've got a great concern that his position on renewable energy may affect these two projects in my riding. These two coal plants that we've committed to convert represent over 200 jobs, they represent \$300-million worth of construction activity for my building trade unions in my riding and they also represent a significant tax base to the city of Thunder Bay and to the town of Atikokan.

If he's going to be consistent in his policy, I think it's entirely possible that—a couple of things might happen: Either he'll just kill the conversion and leave the coal plants burning coal or he'll meet his commitment that was made by his party in 2003 and just close them down, affecting not only the construction jobs but also costing us 200 jobs that currently exist. I think it's—

*Interjections.*

**The Chair (Mr. Garfield Dunlop):** Excuse me a second, Mr. Mauro.

**Mr. Bill Mauro:** Oh, sure.

**Mr. John O'Toole:** Point of order, Mr. Chair: The arguments being raised here are part of an energy discussion. We're talking about government services here. These are all questions about his—

**The Chair (Mr. Garfield Dunlop):** Mr. O'Toole, he has a right to make those comments, and the minister can respond to them; okay?

Mr. Mauro, go ahead.

**Mr. Bill Mauro:** Thank you, Mr. Chair. In fact, it is about energy, but it's about jobs, and that's what the question is going to be to the minister. There are significant jobs affected by the positions that are being taken. I think that's important.

The last thing I want to get on the record before I pose my question to the minister is another policy that had a very adverse effect on my community in northwestern Ontario, and that's when the Conservatives went into power and left in place business education tax rates that were disproportionate across the province. In northwestern Ontario, they were very much higher than in the rest of the province. We've taken action to reverse that and, ultimately, when that's fully phased in, it's going to leave well over \$20 million back in the hands of local businesses in northwestern Ontario.

I raise that, Mr. Chair, because the Conservatives like to pretend they own the economy and they own business, but they left in place in northwestern Ontario business education tax rates much higher than anywhere else in the province, but there are a lot of things that have gone on that have killed jobs or that potentially might kill jobs, so it's important that the minister have an opportunity to have that context when he answers the question.

I'm interested in recognizing that our government has been very supportive and encouraging of Ontario businesses and companies to move forward during tough economic times, and we've got several policies that I'm sure we can talk about. We also know that we must continue to co-operate with the business community in Ontario to maintain job growth and a healthy economy,



while fostering a perfect balance between government support and private sector investments.

I think Ontarians would agree with me that the government is not only taking active measures to ensure the long-term sustainability of our economy but at the same time being very conscious of our responsibility to provide efficient and accessible government services, and that's something I'm sure we could all talk about. I'm not sure where we're going to be under a different party, should they have the responsibility of governing government services.

Constituents in my riding have contacted me about how our government is taking a leading role in encouraging Ontario companies to use the many services and tools available to help small business. The opposition leader has stated some policies that I have mentioned already that are of great concern to me; they are contrary to the comprehensive plans that our Premier and our government have put in place to take action and to create jobs.

With such a great emphasis on creating jobs and jobs measures, I'm interested, Minister, in how ServiceOntario is helping businesses in Ontario to ease the red tape burden.

**Hon. Harinder S. Takhar:** Thanks very much for your question. I think—

**Mr. Kim Craiton:** I like his questions; they're good.

**Mr. Paul Miller:** That's not a question; that's a statement. That's a policy statement.

**The Chair (Mr. Garfield Dunlop):** It's consistent with what always happens at estimates. Go ahead, Minister.

**Hon. Harinder S. Takhar:** I think that this question is almost the same as the other question. Let me just say that we're just getting out of the recession, and it is important for us to make it easier for businesses to invest in Ontario. That is why we are getting this investment of \$7 billion: because we have made it clear that Ontario is open for business. The Premier has gone around on trade delegations to encourage foreign direct investment into our province. As a result of this, all these investments are coming into Ontario, and I know that Indian companies alone have made over \$7 billion of investment in this province.

Let me just talk a little bit about how we can make it easier for businesses to deal with the government. We all know that the service expectations of our citizens continue to grow. More than ever before, Ontarians expect to receive high value for their government services and expect their services to be on par with, or even exceed, the private sector. Our service approach to Ontario businesses is about saving time but it's also about saving businesses money. We have taken a long look at how we expect businesses to interact with government and have streamlined inefficient processes to make it easier for businesses to manage multiple interactions with the government, often in the same visit or transaction.

ServiceOntario is playing a key role in delivering faster, smarter and streamlined government-to-business

services through the Open Ontario and Open for Business initiatives. I'm just going to talk briefly about the fact that we've introduced a 1-888 line. This is the only number that they have to remember in order to get government services. But I will ask the deputy to dwell on that a little bit so that he can tell you what this really does.

The other thing is, we also want to make it easier for businesses to have one business identifier when they're dealing with various ministries, so it's not that when they deal with the Ministry of Revenue they have a different number and then when they deal with the Ministry of Government Services they have a different number. They need to have one identifier so that it's easier for them to remember and it's easier for interaction as well. Even when they file their employer health tax, fuel tax, gas tax, they should be dealing with one number.

The third one is ONE-Source for Business. Recently, we launched the first release of ONE-Source for Business, ServiceOntario's new web portal for business. At completion and release of all the business functionality, it is expected that ONE-Source for Business will make it easier for businesses to actually search for the information they're looking for or the programs that the government is providing. They should be able to look at them in a way that is designed to provide them with the right information to make the right decisions.

This program, actually, has been very well accepted by our stakeholders. We received some comments at the consultations, and the people said something like, "I will certainly benefit from this," "I wish this was available when I was starting out," and, "It looks great." So I think ONE-Source is a source to print and mail forms, eliminating the need to re-enter the same information across many forms; enabling customer searches that gets them just what they need for their businesses; and enabling the saving of search results and forms so that they can actually look at them when they need them.

The next initiative that we have taken is the service location finder. This was launched in April 2009. The ServiceOntario service location finder is an online search tool which provides information about many government services and initiatives that are available based on the service delivery channels. Recently, in March 2011, we launched the mobile service location finder as well, which is a search tool designed for Ontarians to easily find government services and their locations using their smart phones. We are also helping businesses to provide the information that they need through our libraries program.

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But there's another program that we have: BizPaL. This is the program that we run with the federal government and municipal governments. If somebody wants to start a business in a certain location, they can actually get all the information that they need in order to start a business in certain municipalities, certain cities, and some of the rules and regulations that they need to comply with.

Then, we also have an electronic master business licence service. The service guarantee extends to busi-

nesses. Ontarians can register a new business online and receive a master business licence by mail in two business days or their money back.

These are some of the initiatives that we have done, and I'm going to ask the deputy minister maybe to talk a little bit more about that.

**Mr. Bob Stark:** Thank you, Minister. I'm Bob Stark, deputy minister and chief executive officer of ServiceOntario.

Maybe I can just add a little bit more detail to what the minister has shared with you, starting with the single 888 number that is a partnership between ServiceOntario and the federal government to provide a single telephone number that gives small businesses access to about a dozen key programs within the Ontario government, but also gives them access to about 80 other services that are provided. It consolidates in the order of 160 different telephone numbers across the federal and provincial levels of government into a single number that's easily remembered.

Just to give you a sense of the kinds of services that you can access through that 800 number, you can find out at the provincial level about business registration, business searches and incorporation, accessibility information and standards, Ontario tax programs, recruitment and training, workplace safety and insurance, employment standards, operational health and safety and so on, so quite a range of services that any business would need to operate.

At the federal level, we can provide information about the Business Development Bank of Canada, Canadian Border Services Agency, CRA and CRTC, as well as copyright patent information and importing and exporting information.

These are just some examples of the kind of information that you can get by calling this single telephone number.

We also help small businesses connect with local small business enterprise centres that can assist them in developing business plans and growth plans. As the minister said, there's a toll-free number and it substantially reduces the complexity of accessing government services in a convenient single number.

The minister also mentioned that we have incorporated the single business number as a sole identifier for business in interacting with government. This is a national business number that the federal government and all of the provinces and territories have agreed they will migrate to. What it means for business is that eventually a business will be able to go online and access any of their relationships with governments across Canada.

The minister spent a fair bit of time explaining the One-Source online portal for business. This is a significant step forward. As the minister said, we've had very positive reception from the business community around what we're doing here. The significance of it is that a business can go online, profile their business and then can do various searches that go after information that's located in a number of different websites within the prov-

ince and outside, and we'll assemble that information in a convenient way. For business, this saves them time and money.

The system will also allow them to take what has historically been printed forms and complete them electronically. Eventually, we will automate that process so that the information from their various applications to government programs will be delivered to the respective program areas.

The minister also mentioned our service location finder, and this is significant for business in that this connects businesses with information that will tell them about the 57 small business enterprise centres that are across the province. It will give information about the services that are provided and the hours the services are available. If they use a mobile smart phone to do this, the service is intelligent enough to understand where the business person is and give them the surrounding locations. So it uses the GPS capability of a smart phone.

**The Chair (Mr. Garfield Dunlop):** We have about a minute and a half left, Deputy.

**Mr. Bob Stark:** Thanks very much. The minister also touched upon the libraries program, ServiceOntario at libraries. This is in 440 libraries and First Nations band offices. It allows entrepreneurs to go online with the support of a librarian who has been trained in helping them access the various business services that are available online.

I'll skip over BizPaL, which the minister spoke to, and just speak to the electronic master business licence because, in many respects, this is a flagship for us. It's offered with a money-back guarantee, where new businesses can go online and request an electronic master business licence and we guarantee that it'll be delivered to them within two days. Our performance on that is 100% success to date, so we're quite proud of that. A master business licence allows an entrepreneur to start his business, to do things like opening bank accounts and basically establishing the business.

As you can see, we have a number of programs that are designed to make it easier for business in the province to access government services. We are recognized as a leader in service around the world, with a particular focus on being a reliable, cost-effective and cost-efficient provider of service.

**The Chair (Mr. Garfield Dunlop):** Thank you. Well, that was close: six seconds. Thank you very much, Deputy. We'll now go to the official opposition; you have 20 minutes. We're on schedule now, folks, to have the official opposition for 20, the third party for 20 and 10 minutes at the end of the session today for the government. Thank you. Mr. O'Toole.

**Mr. John O'Toole:** My colleague the member from Sarnia-Lambton was quite upset when the member from Thunder Bay, I believe it is, Mr. Mauro, got into the energy discussion, which really isn't part of it, but it has to be cleared up.

Today, in the top business newspaper, the Financial Post, there are comments—here it is; you should read it.



Now, you aren't being shown what the public is thinking, and I'm going to tell you. The Green Energy Act is a failure. That's what they're saying. You can drink all the Kool-Aid they pour for you, but you're going to end up like other people who drank the Kool-Aid.

It says right at the end of the article—now, here's the real issue: They realized after their promise in 2003, and again in 2007, they were going to close the coal plants. They just kept time-stamping the date. They haven't closed any yet. They've actually just looked at it. Elizabeth Witmer closed the only one that was done here in Mississauga. That's the only one, and she announced it.

We committed to 2014, and we're still committed to 2014. They said they're going to close the coal plants. They didn't say they're going to retool them, or "convert" them is the term he used. It shows how little the caucus actually knows about the plan. They're actually going to be burning trees instead of coal. Trees are a carbon sink. They grow by sucking in carbon dioxide, and when they burn them, they release carbon dioxide.

I don't think they know the whole story, and I'm very concerned that they don't understand the file. I'm hearing this from people in my riding of Durham. The university is founded on the principle—the dean of sciences is an electrical engineer, a Ph.D. Bill Mauro I don't think will be listening any more than that.

But this article is mandatory reading. Kim, you should be reading it. Your seat's in trouble down there.

Anyway, I'm going to switch to the main theme, though, of your ministry and its lack of—you said a couple of things this morning. Once again, I want to separate the political from the staff side. The staff side, I think, is doing a fairly decent job—on their own, I might add. There seems like very little direction.

But you said this morning, Deputy, that there were two other public deputy ministers who were over and above the salary caps and all that stuff. I wonder if you could, please, take the time and have some of your staff—you seem to have a lot of them who aren't here today—dig that out for me. I'd like you to point that out. Just clarify that, and we'll have that on the record for going into the October time frame. We need to have that, because these are two more Ron Sapsfords. I can assure you that there are two more secret side deals that have been made.

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The minister can pop in on that if he wants to deny it, otherwise it's being confirmed here that it's the truth. There's two more that we haven't found out yet, unless he pops in and discloses it right now and we can dig into the numbers here, find out what's severance, what's bonuses, what they were being paid for from some university, whatever. Don't panic, children. It isn't over yet.

The—

**Mrs. Maria Van Bommel:** Innuendo.

**Mr. John O'Toole:** Well, yes, it is. It tends to be, because we're not getting anything to go on except glimpses of part-truths.

I became very troubled this morning—and a lot of people who I called, asking if my performance was in-

sensitive or wasn't very tasteful, said, "No, you've got to go after the truth. Always stay on the road to truth." That's what they said, so I'm going to pick that up again.

I think that what I've determined is that the Minister of Health tried to stick it on you; you ducked, so you tried to stick it on—it's like playing "Who's got the button?" or "Who's got the secret message?" So you're now in the hot seat—he's passing notes back and forth.

**Hon. Harinder S. Takhar:** Keep going. I'm okay.

**Mr. John O'Toole:** Is the word "who" on there? Because I think we're looking for Dr. Who here, actually. I really do. It's that scary that we can't get to—I think it's at the highest level. First of all, it's the Premier. I'm convinced now that the buck stops at the Premier. One president said that one time. Wouldn't you agree, Bob?

**Mr. Robert Bailey:** What did he know and when did he know it?

**Mr. John O'Toole:** That's what I would like on the record. Hansard, you got the recording on that?

What did he know and when did he know it? Isn't that what was said during the presidential—

**Interjection:** A state senator.

**Mr. John O'Toole:** A state senator said that: What did you know and when did you know it, or did you know anything, respectfully? After this morning, what more do we know about Ron Sapsford except that he's still on the payroll, as far as we know? We have no commitment that he's still not on the sunshine list for next year.

**Mr. Robert Bailey:** He could be joined by others.

**Mr. John O'Toole:** He could be part of the Don Drummond review. I think he's probably on that committee.

**The Chair (Mr. Garfield Dunlop):** Is that the question?

**Mr. John O'Toole:** It's forming up to a question.

**Hon. Harinder S. Takhar:** I hope so.

**Interjection.**

**Mr. John O'Toole:** No, it's not. It's part of a wild, contrived strategy.

**Hon. Harinder S. Takhar:** You got the notes?

**Mr. John O'Toole:** Pardon?

**Hon. Harinder S. Takhar:** Somebody gave you the notes.

**Mr. John O'Toole:** They did. It's the people of Ontario who I represent; that's who I'm representing here at these hearings.

**Hon. Harinder S. Takhar:** I thought that you—

**The Chair (Mr. Garfield Dunlop):** Minister, can you answer? Was that a question?

**Hon. Harinder S. Takhar:** He said he's going to form the question, so I'm waiting.

**Mr. John O'Toole:** Who's to blame? What did you know and when did you know it, if you did know anything?

**Hon. Harinder S. Takhar:** Mr. Chair, I know that this thing—

**Mr. John O'Toole:** A strategy.

**Hon. Harinder S. Takhar:**—may be an issue that has been bugging him a little bit, but I just want to know,

back when your government was in power, there was somebody on the Hydro One board who was paid \$2.2 million in salary. Right? They were paid \$170,000 for a car. What kind of car did they drive for \$174,000? And \$172,000 in vacation pay—

**Mr. John O'Toole:** With all due respect, though, Minister, this isn't about me.

**Hon. Harinder S. Takhar:** Hold on—

**Mr. John O'Toole:** With all due respect, this is not about me; this is about you.

**The Chair (Mr. Garfield Dunlop):** Hold it. One at a time.

**Mr. John O'Toole:** You had the keys to the car for 10 years.

**The Chair (Mr. Garfield Dunlop):** Please. This side, the government members—

**Mr. John O'Toole:** Wouldn't you agree that you've had the keys to the car and the executive washroom for eight years?

**The Chair (Mr. Garfield Dunlop):** Mr. O'Toole, is that a question?

**Hon. Harinder S. Takhar:** Let me answer it. I'm saying that maybe the issue you have with the severance or the salary that Ron Sapsford, the DM from health, got paid according to the contract that he signed—then I'm sure that it might have really bothered you—

**Mr. John O'Toole:** I'd like that contract tabled. You've mentioned that Sapsford—I'd like that tabled.

**Hon. Harinder S. Takhar:** I just want to know: Did it bother you when somebody retired with a \$1-million-a-year pension and a huge severance from Hydro One? That was Eleanor Clitheroe. Can you tell us a little bit about how you felt about it?

**Mr. John O'Toole:** You know that your deputy—

**Hon. Harinder S. Takhar:** And then there was the person who was the chief of staff of former Premier Harris—

**Mr. John O'Toole:** Let's wrap it around here.

**Hon. Harinder S. Takhar:** —who actually then went on to get a job with Ontario Hydro at \$250,000, and then severance on top of that.

**Mr. John O'Toole:** That's not nearly as much as some of them are getting, even today.

Here's one thing—

**The Chair (Mr. Garfield Dunlop):** Okay, can we get back to a question-answer here?

**Mr. John O'Toole:** We are kind of getting back to it, because this morning your deputy—and I do have a lot of time—he's quite genuine, and he has to play the hand he's been dealt. He said that some of these people, with the exceptional quality of staff, are paid over and above the grade. I understand that; it's bonusing. So the highly paid ones, if I go through the list here, there would be kind of an explanation, a little asterisk, beside them: "Shooter. Hits the ball out of the park regularly," that kind of comment.

Was Ron Sapsford on that list? Was he one of the shooters? He must have been, by your own definition. Was Ron Sapsford one of the special, skilful—this is the

guy who dismantled eHealth, spent a billion dollars on Lord knows what, and he was one of the shooters?

**Hon. Harinder S. Takhar:** Actually—

*Interjections.*

**Mr. John O'Toole:** Well, it's true. Mr. McNeely says he doesn't believe that.

**The Chair (Mr. Garfield Dunlop):** Government members, let the minister continue.

**Hon. Harinder S. Takhar:** Actually, eHealth started under you. You should realize that and accept that fact, and—

**Mr. John O'Toole:** No, that's—

**Hon. Harinder S. Takhar:** Ron Sapsford was one of the deputy ministers who was responsible for managing over \$40-billion worth of a ministry. So what I will ask you is, if a \$2.2-million salary was acceptable in 2001—

**Mr. John O'Toole:** Who are you asking? You're the minister. I'll trade with you—

**The Chair (Mr. Garfield Dunlop):** He's asking you a question back, but if you want to get a response, what you need to do is ask another question now.

**Hon. Harinder S. Takhar:** No. I'm just saying you paid \$2.2 million in 2001 to somebody who managed an even smaller organization than that.

**The Chair (Mr. Garfield Dunlop):** Okay. The next question goes to Mr. O'Toole. Mr. O'Toole, go ahead.

**Hon. Harinder S. Takhar:** And you paid \$174,000 for somebody to drive a car. I don't know. What kind of a car would you drive for \$174,000?

**The Chair (Mr. Garfield Dunlop):** Okay. Now the question goes to Mr. O'Toole. Mr. O'Toole, it's your turn.

**Mr. John O'Toole:** Because you're using the time here. Protecting the truth, really, is what we're trying to get to.

**Hon. Harinder S. Takhar:** No, I'm just stating the facts.

**Mr. John O'Toole:** Did the Sapsford deal or any of the secret deals go through Management Board? The reason I'm asking that is because I think your deputy minister is secretary to Management Board of Cabinet; right?

**Hon. Harinder S. Takhar:** Associate.

**Mr. John O'Toole:** So you can refer this to him. Is there any contract for Sapsford? Was it ever discussed at Management Board? Have you seen it?

**Hon. Harinder S. Takhar:** I think I made it very clear in the morning that this is information that maybe the Minister of Health has, but I don't have that information. I can't disclose anybody's personal information and, more importantly, I don't have it.

**Mr. John O'Toole:** Dwight Duncan disclosed this right in question period.

**Hon. Harinder S. Takhar:** Then you have it. Why are you asking again?

**Mr. John O'Toole:** Just a minute now. You're in charge. Let's be respectful. You do have a very large ministry, and you see every single contract, and every secret deal goes in front of you.

*Interjection.*



**Mr. John O'Toole:** Yes, exactly. Thank God for my—  
*Interjection.*

**Mr. John O'Toole:** Severance payments are not included in the sunshine list. Why did the Minister of Health and the Minister of Finance say the deal with Ron Sapsford was severance? Was it?

**Hon. Harinder S. Takhar:** I said whatever the terms of employment were. Under the terms of employment, if somebody's services are terminated, they have the option to get that in a lump sum or they can take it as a continuation of their salaries and benefits, whatever is under the terms of their contract.

*Interjection.*

**Mr. John O'Toole:** Yes, but I guess you'd have to say that there's supposed to be some punishment for releasing this type of information. Ministers aren't supposed to release this, and they're releasing it in question period. Do you think that's appropriate, that they release this stuff in question period?

**Hon. Harinder S. Takhar:** I think if you think it's not appropriate, then that question should not be asked.

**Mr. John O'Toole:** Wait a minute here. Are you following the dots here? I'm not getting this one here. It's more like deflection again, and I got a lot of that this morning. The four Ds, we call it: delay, diminish, dither, deflect, deny.

**Hon. Harinder S. Takhar:** No. It's the quality of the questions.

**Mr. John O'Toole:** I guess the quality of the question is becoming weaker because there is no answer forthcoming. This is exactly the answer—I'm going to ask you one more time. Is there a contract with Ron Sapsford, even if it disclosed—I don't need the number right now; that will be part two. But is there a contract, and who signed it? If you didn't sign it, I would ask you and your ministry—as you're in charge of all this stuff with government services—to get it and table it with this committee. You can redact the amounts, although part of them are in the sunshine list. I hope that's all he got: three quarters of a million. Would you do that for me? That's an official question.

**Hon. Harinder S. Takhar:** I think I answered that question several times before.

**Mr. John O'Toole:** You haven't answered it.

**Hon. Harinder S. Takhar:** I think the answer to that question is that I don't have any information on that, and that question would be best put to the Minister of Health when she appears before the committee.

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**Mr. John O'Toole:** Well, I guess we could be summoning other persons. We could summon Mr. Sapsford right here, couldn't we? Do we have that right?

**The Chair (Mr. Garfield Dunlop):** I don't think we do.

**Mr. John O'Toole:** I think we've got to get to the truth here. This is just one example. If you can't look after \$1 million, how can you look after \$1 billion? All we're trying to find out is this: This is a public record; Mr. Sapsford was paid \$500,000 in 2009, and his salary

jumped to \$762,000 after he allegedly quit in 2010. He wasn't working, and he made three quarters of a million dollars. There must have been some secret handshake or some kind of involvement there. That's what we're trying to get to. I won't cloud it up with more words. That's the truth. Do you know nothing about it?

**Hon. Harinder S. Takhar:** What I said is, this is not information that we have in our ministry. This will be a question that you should address to the Minister of Health. I don't have—I can't disclose anybody's personal information even if I have it—

**Mr. John O'Toole:** Well, Dwight Duncan and—they are doing it. They're doing it all the time. They're sticking this on you, and that's why I'm not giving up until you relent and say, "I'll go after that, member from Durham." Just say, "I'll get it for you."

The people of Ontario will respect you for it. The press release that I'm going to issue is going to say that you wouldn't give it to me. I'm about to change it. I think I'm crossing—

**Hon. Harinder S. Takhar:** If it looks to you like a very big amount, in 2010 I'm sure \$2.2 million in 2001 was a huge amount. It's about three times this one—

**Mr. John O'Toole:** Certainly was.

**Hon. Harinder S. Takhar:** —and includes \$174,000 for the car, \$172,000 for vacation, and a \$1-million annual pension—

**Mr. John O'Toole:** These agreements—

**Hon. Harinder S. Takhar:** How did you—

**Mr. John O'Toole:** Those are agreements that you're reading from that are in the open. They're in the public. They've been talked about. Now all we're trying to do is get a couple of yours out in here in the open. We had what's-her-name—Sarah Kramer's out there a bit. We have a few others out there. We're looking for several others because we know there's plenty of them.

Plus we've got—this is a climate of a lot of secret deals. We've got the secret deal on Samsung. We've got the OPSEU secret deal. We haven't found out about the other secrets yet.

**Hon. Harinder S. Takhar:** You know, Samsung is a \$7-billion investment. It's not a secret deal—a \$7-billion investment—

**Mr. John O'Toole:** Wait a minute here. You didn't read this article. You've got to read—don't read the Star all the time.

**Hon. Harinder S. Takhar:** It's a \$7-billion investment which is going to create thousands of jobs. I'm sure you need those jobs in your community as well. We also made investment in General Motors in your riding. You know that, right?

**Mr. John O'Toole:** Just a minute here. In my riding, name one. Name one. The reason I'm saying this: You delayed and dithered the refurbishment of the nuclear plant as well—that's an energy question, so I'll put it on the record there—and you kind of messed up the RFP for the new-build nuclear. You said you were going to do it, and then you backed off it. There's one more example of not getting it done, really. This is another case.

We know health care is falling off the cliff; every hospital is basically in a deficit—

*Interjection.*

**Mr. John O'Toole:** Quite honestly, the member from Ottawa—Orléans knows quite well that the AECL is in trouble—

**Hon. Harinder S. Takhar:** Tell me: These days the Conservative Party stands against foreign direct investment in the province and they want to kill jobs?

**Mr. John O'Toole:** The Conservative Party stands for Open Ontario and open for business and open information, accountability and transparency.

**Hon. Harinder S. Takhar:** So why do you want to kill so many jobs that are being created by this industry?

**The Chair (Mr. Garfield Dunlop):** Three minutes.

**Mr. John O'Toole:** We would do it with contracts that the people of Ontario are aware of. Why is the Samsung deal secret?

**Hon. Harinder S. Takhar:** But you're just saying it's secret. You have all the information that you need. You're still saying "secret" for everything.

**Mr. John O'Toole:** No, we don't.

**Hon. Harinder S. Takhar:** You're just using the term "secret."

**Mr. John O'Toole:** Okay, where's the contract? Table the contract. You said you know about it. Table the Samsung contract. There's another request on the record. I want this. Because all of this is—you see, you're really not transparent and accountable. You say you are.

You say you're going to close coal plants. You haven't closed one, really. They're retooling them; I understand that. But they didn't understand that, quite honestly, if you took about 40% of the generation capacity out of Nanticoke and Sarnia—Lambton and the other plants, the way the grid works, the grid would have failed. You'd have to redesign the whole system.

Now they're actually going to retool them so they can burn pulp, paper—anything. They were looking at peat. They were looking at surplus wood. That's what they're going to end up with, surplus wood—

**The Chair (Mr. Garfield Dunlop):** Two minutes in this round, John.

**Hon. Harinder S. Takhar:** But I'm sure you remember what happened in 2002, right? There were brownouts all over. There was no energy available to people. People didn't even have hydro to make their meals. I think we have forgotten about 2002. We have actually—

**Mr. John O'Toole:** There are reports—you're a cabinet minister—that explain that the northeast grid failed, and there was a transitional effect all the way through the grid. That system is still there today. In fact, in the last year, there was almost a failure. The society of professional engineers from Ontario energy were here last week and put that out—I can get the report for you.

Your system has come close to failure twice, so don't bring that up. The only reason you haven't had a failure yet—do you know why? Because there are 5,000 megawatts every day that aren't used. They're produced and not consumed—

**Hon. Harinder S. Takhar:** Which means we've got endless capacity, right?

**Mr. John O'Toole:** No, no. In fact, you're paying Quebec and New York to take our surplus power. Did you know that?

**The Chair (Mr. Garfield Dunlop):** One minute, guys.

**Mr. John O'Toole:** And the feed-in tariffs are so stupid that you put them on first dispatch. That renewable energy is all backed up, usually by gas plants. Those are not dispatchable loads of energy. You always have to have a gas plant running in case it's not sunny or windy. You have made such a mess, and even people in the OPA have called me and told me, and I know—

**Hon. Harinder S. Takhar:** We cleaned up your mess. You had—

**Mr. John O'Toole:** No, no, Minister. You're not responsible for that.

**Hon. Harinder S. Takhar:** People couldn't even cook their meals. That's what you had.

**Mr. John O'Toole:** I want to put you back on track. You are responsible for one thing at this meeting today: You have not told us one thing about Ron Sapsford. You've blamed the Minister of Health; you've blamed the Minister of Finance—

**Hon. Harinder S. Takhar:** I didn't blame anybody.

**Mr. John O'Toole:** —and I'm putting on the record that you're really blaming the Premier and the cabinet. You're backing away from it all, and you're not telling us where \$1 million was wasted on a person who didn't even show up for work. That's what I want on the record, and I'm happy to say it.

**The Chair (Mr. Garfield Dunlop):** Okay. That concludes this 20 minutes. We'll now go to the third party. You now have 20 minutes. You can begin.

**Mr. Paul Miller:** I'd like to start by asking you: You do have boards and commissions under your jurisdiction, correct?

**Hon. Harinder S. Takhar:** Yes.

**Mr. Paul Miller:** How many boards and commissions under your ministry did you eliminate, if any, and for any cost savings?

**Hon. Harinder S. Takhar:** Actually, I don't have a lot of boards and commissions—

**Mr. Paul Miller:** I've got a list of them right here.

**Hon. Harinder S. Takhar:** I know, but I'm saying that there's not a board that we eliminated in our ministry.

**Mr. Paul Miller:** None?

**Hon. Harinder S. Takhar:** No.

**Mr. Paul Miller:** So you didn't eliminate any? Okay.

*Interjections.*

**Hon. Harinder S. Takhar:** But you're talking about my ministry, right?

**Mr. Paul Miller:** I'm talking about your ministry.

**Hon. Harinder S. Takhar:** Not how many we eliminated from all the ministries?

**Mr. Paul Miller:** No; your ministry. You have the Advertising Review Board, Deputy Judges Remuneration



Commission, Justices of the Peace Remuneration Commission, Licence Appeal Tribunal, Office of the Conflict of Interest Commissioner, Ontario Pension Board etc.

**Hon. Harinder S. Takhar:** Yes, that's right.

**Mr. Paul Miller:** How many have you eliminated? Minister Dwight Duncan stands up on a regular basis and is very proud of the fact that he's eliminated all these commissions, boards and tribunals, but you're telling me you've done zero.

**Hon. Harinder S. Takhar:** How are you going to eliminate the compensation for the justices of the peace or the judges or the pension review board? Are you going to eliminate those? All those are necessary.

**Mr. Paul Miller:** What is a provincial judges remuneration commission? What is that?

**Hon. Harinder S. Takhar:** Maybe the deputy can answer it. In my understanding, this is the commission that basically determines—

**Mr. Paul Miller:** How much judges should make?

**Mr. Ron McKerlie:** Yes, that's exactly right. They meet on an irregular basis. They'll meet once every few years to recommend the compensation for either judges, deputy judges or justices of the peace for the coming three-year period of time. It's a commission; it's not an agency. They meet for a relatively short period of time, and they meet once every few years, when it's time to look ahead and look at compensation.

**Mr. Paul Miller:** So that's \$55,000 to meet this year—advisory committee.

**Mr. Ron McKerlie:** That would be for their time to meet this year to set the compensation for the next three years.

**Mr. Paul Miller:** How long did that entail? A day? Two days? Three? A week?

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**Mr. Ron McKerlie:** It would take a period of time, for sure, yes.

**Mr. Paul Miller:** A day? Three? A week?

**Mr. Ron McKerlie:** I don't know; I can find out.

**Mr. Paul Miller:** Would you find that out? I'm very curious. The money you spend on—this one really is fantastic here. You've got one here: Licence Appeal Tribunal, \$3 million this year.

Office of the Conflict of Interest Commissioner—well, I can understand that—over \$1 million.

Advertising Review Board: \$1,226,000. Wow. What are they reviewing? Commercials? What are they reviewing?

**Hon. Harinder S. Takhar:** The Advertising Review Board actually has been very effective.

**Mr. Paul Miller:** It should be, for that price.

**Hon. Harinder S. Takhar:** We have consolidated all government advertising. They review it to make sure the advertising is consistent, but more importantly, they actually get better deals for you.

**Mr. Paul Miller:** They get better deals for me?

**Hon. Harinder S. Takhar:** Better deals for the taxpayers.

**Mr. Paul Miller:** How many times a year do they meet?

**Mr. Ron McKerlie:** Part-time, it's—

**Hon. Harinder S. Takhar:** Yes, some of those employees are part-time employees.

**Mr. Paul Miller:** You guys are being very vague here. These are very costly items here in your chart, and you don't know how often they meet, when they meet, how much they spend? Look—

**Hon. Harinder S. Takhar:** We are telling you that they meet—

**Mr. Paul Miller:** It's \$1,909,000 for the advertising people from 2010-11, and \$1,708,000 for the Licence Appeal Tribunal. This is unbelievable. I mean, how much do they have to do? I'm very curious to find out what they actually do. Are there any breakdowns that you can give me of what's in their mandate and what they do? Can I get some information on that?

**Mr. Ron McKerlie:** Yes, absolutely. I can take you through whichever one of the agencies you want. We can start with the Advertising Review Board, if you'd like.

**Mr. Paul Miller:** Let's go with the Licence Appeal Tribunal; \$3,269,000 is the estimate for this year.

**Mr. Ron McKerlie:** The Licence Appeal Tribunal is a full-time tribunal. They would look at any individual or business that comes in and wants to appeal the fact that their licence—and it could be anything from their driver's licence to a liquor licence. Any time it was suspended, they come before the tribunal, which would review that, look at the facts, hear it and make a decision. It's there to serve the public, to give them access to a second-order view on losing their licence. They're full-time.

**Mr. Paul Miller:** Are these people elected or appointed?

**Mr. Ron McKerlie:** They are staff—

**Mr. Paul Miller:** They're bureaucrats?

**Mr. Ron McKerlie:** They are staff, yes.

**Mr. Paul Miller:** They're not politicians—

**Mr. Ron McKerlie:** No.

**Mr. Paul Miller:** —or appointees?

**Hon. Harinder S. Takhar:** They are people appointed—

**Mr. Paul Miller:** They're appointed? Ah.

**Mr. Ron McKerlie:** The head is appointed.

**Hon. Harinder S. Takhar:** Staff and appointed people.

**Mr. Paul Miller:** And appointed people. Interesting. Is it a three-year deal or a four-year deal? How long are they on these tribunals and committees? And do they get reimbursement for gas and things like that? Do they get money for lunches? Does that happen?

**Mr. Ron McKerlie:** They would be covered under the same travel, meal and hospitality directive as OPS staff would be.

**Mr. Paul Miller:** Interesting. I see on, page 30, "Operating Summary by Vote." You've got down here—

**Hon. Harinder S. Takhar:** Which one is this?

**Mr. Paul Miller:** Page 30. I just want you to explain this to me. You've got employee and pensioner benefits as 51% of that budget. That's huge. Can you explain that to me?

**Mr. Ron McKerlie:** Sure, absolutely. I'd invite Karen Hughes, our chief administrative officer, to give you the details. But the line is for all of the OPS; it's not just for the Ministry of Government Services.

Karen?

**Mr. Paul Miller:** So 51% of the budget goes for employee benefits and pension?

**Ms. Karen Hughes:** That's correct.

**Mr. Paul Miller:** That is huge.

**Ms. Karen Hughes:** That's on behalf of the entire OPS, so it's all staff—

**Mr. Paul Miller:** Yes, I understand, but that is huge. And on the next page, page 31, employee benefits are 70% of the budget?

**Ms. Karen Hughes:** Yes.

**Mr. Paul Miller:** That's unbelievable.

**Hon. Harinder S. Takhar:** Seventy per cent of what budget?

**Mr. Paul Miller:** Of the "Operating Summary by Vote and Standard Account," table 6.

**Ms. Karen Hughes:** Yes.

**Mr. Ron McKerlie:** Because it's for the entire—

**Hon. Harinder S. Takhar:** —Ontario public service.

**Mr. Paul Miller:** That's huge.

**Mr. Kim Craitor:** It's unionized.

**Mr. Paul Miller:** Union or non-union, that's huge. How do you keep a handle on that through your ministry? How do you meet the requirements of your service-providing, as opposed to the cost of the employee benefits and the payouts for pension and other things? How do you keep a handle on the costs? That's huge.

**Hon. Harinder S. Takhar:** What is your question?

**Mr. Paul Miller:** My question is, how do you keep a handle, financially, on your regular service-providing when it takes up such a big chunk of your budget? The pensions and the employee benefits are huge: 70% for employee benefits—it's a very simple question, Minister. Employee benefits, 70%; and pensioner benefits—people that I assume are already are on pension. It's 70% and 51%. What impact does that have on your service-providing ability within your budget? Does it limit your ability to provide the services needed to the public? And how do you stop this from escalating to a point where it could get higher? What if it becomes 80%?

**Hon. Harinder S. Takhar:** We have to curtail all the costs, including the salaries and the benefits going forward. That's why we are working closely with our unions. These are the contractual obligations, right? You can only decrease them by negotiating with employee groups.

**Mr. Paul Miller:** I was shocked at the amount of the—it looks like a hockey puck—that took a chunk of that.

Next question: In December 2010, the government launched a new information access and privacy website,

providing improved access to Ontario government information and better support for institutions covered by provincial and municipal freedom-of-information and protection-of-privacy legislation. That's interesting. How does this website fit in with the discussion we had earlier—I'll it reiterate for you—about the hospital and being able to get into your files? Now they have a website that provides access and privacy. So if you're so concerned about hospital files and administration not giving out information, why would you have a website?

*Laughter.*

**Mr. Paul Miller:** I don't think it's funny. I'm just asking a question.

**Hon. Harinder S. Takhar:** Do you want to get Don in here and have him talk about it?

**Mr. Ron McKerlie:** Maybe to clarify, because I think there's some misconception in terms of the hospital exemptions under FIPPA, I would ask Don Fawcett, who I believe is in the room and who has some expertise on FIPPA, to join me at the table here and help to clarify that which I think is a little confused right now.

**Mr. Don Fawcett:** Thank you. My name is Don Fawcett. I'm a lawyer in the Ministry of Government Services. Deputy, you'd like me to answer a question about the nature of the—

**Mr. Ron McKerlie:** Just explain the exemption under FIPPA for hospitals that has to do with quality-of-care discussions.

**Mr. Don Fawcett:** Sure. When the decision was made when we were looking at bringing hospitals in under FIPPA—and I'm talking from a policy standpoint—what we did was we went out and we talked to the stakeholders. That would include hospitals and other health care stakeholders—

**Mr. Paul Miller:** Excuse me, would that include patients?

**Mr. Don Fawcett:** I believe the Ministry of Health may have talked to some patients.

**Mr. Paul Miller:** "May have." Okay. Go ahead.

**Mr. Don Fawcett:** One of the things that we heard when we were conducting the consultations, in this case, from the hospital community, is that they have a culture of candour in their organizations, which is that they're always into improving health care. In that culture, they want people to surface and talk about issues that arise in their hospital. Their concern was, when FIPPA applies to the organization, how it would impact on that culture of candour raising issues and committees within the hospital addressing those issues. As a consequence of that, we looked at that and said that it may be appropriate to look at giving a discretionary exemption in FIPPA to hospitals that allows them, in circumstances where they think that that culture may be impaired, to protect that information. So it's a discretionary exemption, which means that the head of the hospital, if they get an FOI request for the discussions of these committees that form in a hospital, can choose not to disclose that information. But that's a discretionary decision. That's a decision that a hospital can choose to make or not make.



**Mr. Paul Miller:** With all due respect, how do you determine where discretionary ends and control starts in not providing the patient with the information that they need through freedom of information? If you're allowing discretionary conduct, you're allowing them to take control of people's private information, and that's telling me that you're saying that Dr. Smith or the board or whoever is making decisions on whether to release information that I may have requested as an individual, or as a group, about my health situation, the way the committees are operating within the boundaries of the hospital or the administration—you're telling me that it's up to them to make decisions for me about what direction I may want to take with my health care, even though it may not even be within their facility; it may be somewhere else I might want to go, and they're blocking me. I may not be happy with the committee.

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It's my understanding that the LHINs were formed to deal with many, many agencies in the community. In my community, I think there's over 200 different agencies—VON, you name it—and freedom-of-information requests come in all the time. But in the LHIN process, there is no one to complain to. There's no complaint body within the LHIN. So if the hospitals decide to withhold my information, I complain to the LHIN that they're withholding my information, whether it be on my mother, my father who's in a home or whatever I want to do, it's up to the discretion of the hospital, the administrator and whoever—the board or committee that you're talking about—to decide whether I can get that information on my parent or myself. I may require a different type of care. I may even want to go out of province.

I'm really having a problem with that, because my only other avenue, then, is to go to the LHIN, and the LHIN has no grievance chair, no arbitrator—there's nobody on the LHIN. So what are they doing there as another bureaucratic level which may block my freedom-of-information request through the hospital, the board or the committee, as well as the LHIN? What alternative position do I have as the person requesting this? I can't go to the ministry because they're not doing anything about it. I can't go to the LHINs; they're not doing anything about it. I guess my next step is to go to your colleagues, the lawyers, which is going to cost me even more money to find out something about me. How do you answer that?

**Mr. Don Fawcett:** Well, it may be helpful to talk about how the Personal Health Information Protection Act—which governs hospitals and health care providers and management of personal health information—interacts with FIPPA. At the heart of your question, you're expressing a concern about how an individual gets access to their own personal health information. In this case, PHIPA, the Personal Health Information Protection Act, applies. If I want to access my personal health information from a hospital, I would make the request under PHIPA, and not FIPPA. When I was talking about that exemption for quality of care under FIPPA, that doesn't operate here.

**Mr. Paul Miller:** It doesn't apply to the other one?

**Mr. Don Fawcett:** No. No one can apply that exemption under FIPPA to prevent you from getting—

**Mr. Paul Miller:** Would the public know that?

**Mr. Don Fawcett:** Yes. I believe it's—

**Mr. Paul Miller:** You know it, but would they know it?

**Mr. Don Fawcett:** Well, I know it.

**Mr. Paul Miller:** Is it on the website?

**Mr. Don Fawcett:** We can take a look at that.

**Mr. Paul Miller:** I think it should be, because a lot of people I know are having trouble getting information. So maybe you will put that on the website, what this lawyer has just told us.

**Hon. Harinder S. Takhar:** Yes, we will look at that. I'm sure it's already on the website. If it's not, we will put it on.

**Mr. Paul Miller:** I doubt it.

**Hon. Harinder S. Takhar:** Let's look at it.

**Mr. Paul Miller:** I'd like to see that. So you'll commit to that?

**Hon. Harinder S. Takhar:** Yes, let's look at it.

**Mr. Paul Miller:** Okay.

**Mr. Don Fawcett:** The other important thing is that FIPPA is a statute that's administered—

**Mr. Paul Miller:** I know what it is.

**Mr. Don Fawcett:** Okay.

**Mr. Paul Miller:** I'm setting you up. Go ahead.

**Mr. Don Fawcett:** I'll try to help you out, then. PHIPA, of course, is—

**Mr. Paul Miller:** Help me set you up? That's good. I like that.

**Mr. John O'Toole:** It's like a prosecuting attorney—

**Mr. Don Fawcett:** Yes. We're not often in this position, right?

**Mr. Paul Miller:** I missed my calling. Go ahead.

**Mr. Don Fawcett:** And PHIPA, of course, is a health-administered statute, right?

**Mr. Paul Miller:** Yes.

**Mr. Don Fawcett:** The intersection is—the way the two acts relate is, personal health information is governed by PHIPA; the administrative records of hospitals are governed by FIPPA.

**Mr. Paul Miller:** Okay. Do you think there's a bit of a conflict there, as a lawyer?

**Mr. Don Fawcett:** No. I think—

**Mr. Paul Miller:** One set of records—let me get this straight; sorry for interrupting. One group has control over one section of the FIO, and the other group has different connections, whether it be federally or whatever, for information under the privacy act—there is a federal Privacy Act too. So I'm saying that now we've got three bodies, and I only need one to say, "Mr. Miller, you can have this information," or, "You can't." So now we've got three.

How many people are involved in that? How much does it cost the ministry a year? I see here thousands and thousands of requests a year in this book that you've just given me. Where does all this come together to be

efficient? Where is the accountability, Minister? I don't see any here—

**The Chair (Mr. Garfield Dunlop):** There's two minutes left, Mr. Miller.

**Mr. Paul Miller:** —in reference to the individual making the request. It appears there are two roads to go. I'm sure the public doesn't know about the one. Well, I knew about it, but it's the first time I've heard it said publicly—you will supply me with that information on your website, if it's there—to allow them to appeal a decision made by a board in a hospital or the administration staff of the hospital which may contravene my needs as an individual in this province.

I really think there are too many hands in the pie, and I think that basically this could be done by one person, whether it's the Integrity Commissioner or, I don't know, whoever you want to appoint to do this. You want to save money? This sounds like a good way to save money, because it's pretty poor if I have to go to a solicitor to get information out of my own government about my own health through the bodies that you have named.

**Hon. Harinder S. Takhar:** I think you can get the information that you need about your health, and even the Premier has said—I think he said it today—that we want to make it even easier for people to get their own health information, because that will improve the health of the people.

But I think the issue here is the discussion regarding the quality of care that relates to you, how that happens in the hospital setting. I think that's where the information—you know, the changes that were made. It's not about getting the information—you can get your information—but regarding what kind of quality care should happen in the hospital. That's where the discussion is.

The other is that getting the information under freedom of information, ordinary information—not ordinary, but any information—is different from getting your health information.

**Mr. Paul Miller:** I don't think it is at all; I beg to differ.

**Hon. Harinder S. Takhar:** That's your opinion, but I'm saying—

**Mr. Paul Miller:** Frankly, I really don't care who's got the information; I just want it for my own personal—

**Hon. Harinder S. Takhar:** That's true, but you just make a request and you get that, right, whether it's under this legislation or under different legislation.

**Mr. Paul Miller:** You don't, but anyway—

**The Chair (Mr. Garfield Dunlop):** That concludes the third party's time at this time.

We will now have about 13 or 14 minutes for the government members to finish up the proceedings today.

**Mr. Phil McNeely:** Thank you, Minister, for being here today.

I'd just like to compare government services now with what they were when I was elected in 2003. I can remember the system then. Ontario families have a level of expectation of the services they receive from the government of Ontario. More than ever before, Ontarians

expect to receive high value for their government services, and they expect the service to be at a par with the private sector. That's where you come from and that's where I come from, the private sector.

I know that ServiceOntario has been addressing a number of issues, such as long lines and wait times for core services, as well as issues like having to visit multiple locations for driver licences and health cards, which was the scenario in 2003. Fixing it wasn't easy. It didn't happen overnight. It took hard work and some out-of-the-box thinking, and having been your parliamentary assistant in transportation, I knew that was one of your strengths.

It took a service revolution involving a number of initiatives to make it easier for individuals, families and businesses to access government information and services. I know that the changes that were made through these efforts have been well received by Ontarians. I know that the level of services in Orléans is well appreciated, and the number of complaints—I don't recall getting a complaint in the last three or four months about government services. I know everybody is waiting for that special driver's licence for non-drivers, and we had a good indication from Minister Wynne in the Legislature that that is coming up within this decade—"Early in this decade," I think, was her answer.

So it took a service revolution involving a number of initiatives to make it easier for individuals, families and businesses to access government information services. I know that the changes that were made through these efforts have been well received. Constituents in my riding are very pleased with the level of service and the broader range of offerings of ServiceOntario. They have told me they didn't like having to travel to separate locations to get health cards, driver licences and services, so with the expansion from only 37 health-card-issuing offices under the previous government to almost 300 offices under the McGuinty government, we certainly have a good system.

Could you, the minister, please share some more details about how ServiceOntario delivers the valuable government services that millions of Ontario families rely on every day?

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I'd just like to add, as well, that we've heard a lot of discussions around the opposition Conservatives saying they would close the health integration networks, put a stop to full-day kindergarten, kill the Samsung investments in Ontario and end the FIT contracts. You know that our solar is predicted to supply only 1% to 1.5% in 2030. It's not as if we were going into it to supply 10% or 20%—1% of our needs in 2030 will be supplied by solar. We're leading North America in looking at these new green clean energies—

**Mr. John O'Toole:** Point of order, Mr. Chair: I raise this issue because you're not talking about your government policy; you're reading a speech—

**Mr. Phil McNeely:** I lost a lot of my time last time—

**Mr. John O'Toole:** No, I have to interfere here. These aren't questions. They're accusing the opposition, of



which they know nothing about—nothing has been announced. So you have to retract, Mr. McNeely.

**The Chair (Mr. Garfield Dunlop):** Mr. O'Toole, he can use his time that way. Okay?

Go ahead, Mr. McNeely.

**Mr. Phil McNeely:** You had your time.

So the Conservative opposition have already killed jobs through their lack-of-plan approach. They've created insecurity in the markets. I'd like to hear from you, as a former businessman, what you think the erratic messaging from the Conservative Party is doing to business in Ontario.

**Mr. John O'Toole:** Who wrote this for you, Phil?

**Mr. Phil McNeely:** It's my handwriting, John. It's my handwriting. Do you want me to write some stuff for you? It might be better.

I was in this room with the Minister of Revenue, and even though the whole world knows that we're creating jobs through the harmonization of our taxes and that whole tax reform package—everybody supports us, including Harper, Flaherty and John Tory. Everybody can see that we're going in the right direction. I'd just like your comments on that, as well as the service improvements you've made, Minister.

*Interjections.*

**The Chair (Mr. Garfield Dunlop):** Please, guys. Let the government members work with the minister, okay?

**Hon. Harinder S. Takhar:** I think the service expectations today from the public are much different than what they used to be. The public expects us to provide services efficiently and in a cost-effective manner to the people of Ontario. That's what we need to do.

We all know that when we took power in this province, health cards were delivered by the Ministry of Health; driver's licences, vehicle stickers and all that were delivered by the Ministry of Transportation. And you remember, in those days, we used to have those PIN offices which used to deliver those services. We had issues with the PIN offices, as well, and their compensation. We needed to come up with a different structure so that people could see that they can go to one office and they can get all their services. In 2006, the mandate was given to ServiceOntario that they should become the delivery arm of the government, from the service point of view.

What we have done is we have taken our private issuing network that we used to have and we have taken our government offices that used to provide services and we basically completely overhauled them. Now we have about 300 offices that not only provide driver's licences and vehicle stickers but also provide health cards. In addition to that, they provide all other services—like if you want a fishing licence; even the land registry offices are in these offices. These offices are across the province. Two thirds of these offices are, in fact, private and one third are owned by the government.

This service delivery model has actually worked quite well and is being watched quite keenly by other levels of government as well. It's not only that we have provided

these services now, but you can actually have routine health card services in 300 offices, rather than the very limited offices where we used to provide services before.

We are moving a little bit further than that. We are providing service guarantees on the services we provide. For example, birth certificates: You used to have at least a six-month wait to get a birth certificate before. We are now providing guarantees for birth certificates. You can get a birth certificate in less than 15 working days. We have extended these service guarantees. This is one of the only governments that provides a refund of the fees if we don't meet those service guarantees. These service guarantees are now also extended to death certificates and marriage certificates. Also, if they want to get some information or literature from the government, we can provide them that information.

In addition to that, what we are now doing is basically modernizing how we deliver services to Ontarians. We are extending the hours of service as well. Now the offices are open in the evenings; they're also open on Saturdays, depending upon the need and where the office is located. Those are some of the things that we are doing, but we need to continuously improve the way we deliver these services. That's why we need to re-look at the whole ServiceOntario model and see where we go with it.

But these are the kinds of services that, when people want to invest in Ontario, they actually look at to see how these services are being provided. If the ServiceOntario model works for people, then the government works for people, right? When people look at these services, they say, "Hey, Ontario's open for businesses," and they'll want to make more foreign direct investment in Ontario. When they make foreign direct investment, it creates jobs. That's where I think all these deals that you're talking about also fall in.

From my point of view as a former businessman, I will say that we need to create the right environment for businesses to succeed. If we don't create the right environment for businesses to succeed, businesses or the investors have options on where they need to make investment. It doesn't have to be Ontario, it can be anywhere. We need to attract those investments to Ontario. That's why we're taking this very seriously and that's why we're looking at options, how we can work with other levels of government, like the municipal governments and the federal government, and the private sector as well, and see how we can even improve the service model that we are working on.

I'm going to ask the deputy minister and maybe he can talk a little bit in detail about the kinds of services that we are providing and how they are making a difference in the lives of Ontarians and helping us attract investment in this province.

**The Chair (Mr. Garfield Dunlop):** You've got about three minutes this time and then we'll be finishing up for the day, Deputy.

**Mr. Bob Stark:** Okay, I'll be quick.

Let me just elaborate a little bit on the convenience of one-stop shopping, if you will, for government services,

which is a significant initiative that we undertook this past year. As you identified, we've moved from 27 permanent health offices to almost 300 locations where you can get routine services. What that means for rural communities is that we've expanded from two locations in the rural communities to 163 where you can get routine health services, and in the north from six locations to 67. Our access has dramatically improved this past year, and we've done that by consolidating specialized networks into one integrated network, which, by the way, has also saved us operating costs going forward. It's not only improved service but it has positioned us more effectively going forward.

I'd also just like to highlight one of the services that is extremely popular with our customers and that's the new-born registration service, which is a partnership between the federal level of government and the province that allows new parents to go online, register the birth of their child, request a birth certificate and request a SIN card. We respond to that within a couple of weeks, both at the federal and provincial level.

This past year, we added the capability, with the help of CRA, to also apply for child tax benefits. It's now quite a comprehensive service, and I can tell you that new parents absolutely love it. The feedback is extremely positive.

The minister mentioned our service guarantees. Outside of our service guarantees, we are also looking at ways to allow citizens to use online services and for us to fulfill them in a traditional way. You can now renew your vehicle registration online and we will send you the validation sticker which goes on your licence plates, and typically that's in your hands within five days—another great example of a service improvement.

I should also tell you that, overall, our service guarantees are performing at well over 99.5% of the time. In fact, our record to date is that 99.8% of the time we meet those money-back service guarantees.

Let me just finish up; I suspect my time is short here.

**The Chair (Mr. Garfield Dunlop):** You've got another—go ahead.

**Mr. Bob Stark:** We regularly survey our customers quarterly. We do this in an appropriate way, independent of ServiceOntario, and we ask them to give us feedback on the service experience they've had with us. We do that shortly after they have interacted with us. I'm delighted to share with you that between 2008 and today, our overall satisfaction levels have improved from 75% of our customers satisfied, which is pretty good, to 93%. In fact, with our new, integrated, one-stop delivery network, 97% of customers who interact with us face to face in those locations are satisfied with their interaction with us; 89% are very satisfied with the interaction.

It seems that the operating model that we've adopted is meeting the needs of citizens across the province. As the minister said, this is an ongoing challenge; you never get finished in the service business. We use this survey information to feed back to ourselves ways to improve the service, and hopefully we'll close those gaps.

**Mr. Phil McNeely:** Thank you very much for that. It is reflected in our riding offices that you are doing a very good job.

**Hon. Harinder S. Takhar:** We are also starting to measure the wait times as well.

**The Chair (Mr. Garfield Dunlop):** Thank you very much. That will conclude today's proceedings. We'll come back tomorrow. The government members will have about six minutes remaining, and that will put us down to about two hours and 49 minutes remaining in estimates altogether, starting tomorrow at 3:45.

I apologize today, ladies and gentlemen. So many things were going on in the House and we got a late start. We might have gotten caught up on this.

Anyhow, thank you very much to the minister and to all the ministry staff.

With that, we'll adjourn until tomorrow afternoon after routine proceedings.

*The committee adjourned at 1801.*



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# **Official Report of Debates (Hansard)**

**Wednesday 18 May 2011**

# **Journal des débats (Hansard)**

**Mercredi 18 mai 2011**



## **Standing Committee on Estimates**

Ministry of Government Services

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## LEGISLATIVE ASSEMBLY OF ONTARIO

## ASSEMBLÉE LÉGISLATIVE DE L'ONTARIO

STANDING COMMITTEE ON  
ESTIMATESCOMITÉ PERMANENT DES  
BUDGETS DES DÉPENSES

Wednesday 18 May 2011

Mercredi 18 mai 2011

*The committee met at 1555 in room 151.*

**The Clerk of the Committee (Ms. Sylwia Przedziecki):** Good afternoon, honourable members. Owing to the absence of both the Chair and the Vice-Chair, it is my duty to call upon you to elect an Acting Chair. Are there any nominations?

**Mr. Paul Miller:** I nominate Joyce Savoline as Chair.

**The Clerk of the Committee (Ms. Sylwia Przedziecki):** Ms. Savoline, do you accept the nomination?

**Mrs. Joyce Savoline:** I accept.

**The Clerk of the Committee (Ms. Sylwia Przedziecki):** Are there any further nominations? There being none, I declare the nominations closed and Ms. Savoline duly elected Acting Chair.

**Mrs. Joyce Savoline:** Am I safe with the gavel in my hand?

**Mr. Paul Miller:** Oh, yes, as long as you throw it to the right.

## MINISTRY OF GOVERNMENT SERVICES

**The Acting Chair (Mrs. Joyce Savoline):** We are here to resume the consideration of the estimates of the Ministry of Government Services, vote 1801. There's a total of two hours and 48 minutes remaining.

When the committee was adjourned, the government still had six minutes remaining in the 20-minute rotation. It is now the turn of the government. Mr. McNeely, you have six minutes.

**Mr. Phil McNeely:** Thank you, Minister, again, for being here.

When we were last sitting around this table, we were talking about the many improvements that you carried out from 2003 until now and that people generally are very happy with ServiceOntario and the many improvements that have been made that facilitate people doing the things they have to do with licences, birth certificates etc.

If we look at that, you've gone from 37 offices where you can get health cards to 300. I'm just wondering if this is costing a lot of money. We often get asked, "What is the government doing to save dollars?" This seems to be a lot better service. What is this in cost? I think you said that about two thirds of the offices are private and one third are government-run, something like that.

Ontarians understand that our government listens to their concerns and, unlike governments in the past, we

certainly take action. There have been many changes. I know there have been significant savings found across government. I know that travel has been reduced by government officials, but my constituents would like to know how much money these measures have saved.

Could you please share how the government is ensuring we keep costs down while ensuring that the delivery of services is not compromised?

**Hon. Harinder S. Takhar:** Let me just start by saying that technology has helped us a lot in reducing our travel expenditures. This has been helped by webcasting, video conferencing technology and other technology that we have been able to use.

Let me just give you some numbers. Better use of technology and tighter rules on travel have reduced employee expenses by about \$30 million last year alone. That is roughly about a 24% reduction in the travel budget. We expect to reduce travel expenses by \$10 million more going forward.

If we break down the \$30 million: \$7.1 million in reduced accommodations, because now we can basically do it through video conferencing and webcasting, so you don't need to stay anywhere; \$6.2 million in air travel; \$6.2 million, roughly, in road travel as well; \$1.4 million in meal expenses; and \$9.1 million in other related travel expenses. If you add all these up, it adds up to roughly about \$30 million. This has been accomplished through using technology effectively, like video conferencing and webcasting.

The other area that we have focused on is reducing paper and office equipment. This will save about \$15.6 million over the next two years. We have eliminated about 15,000 printers and computer servers, and that has saved about \$8 million. Paper use was reduced by 50%, saving \$7 million. We are actually making it mandatory to use paper on both sides. The fax machines are gone—another savings of \$640,000. And some of these services are now being provided by one piece of equipment, rather than different pieces of equipment, and we're also centralizing the services. By reducing the number of daily news packages by 96%, we'll save another \$1.5 million.

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The reduction in our office equipment alone will save 30.5 million kilowatt hours per year, so it's not just a dollar savings, but it's also a savings in electricity and all that. That 30.5 million kilowatt hours is enough to power about 2,700 houses for one year. There is a savings of



approximately \$2 million there as well. This also will reduce CO<sub>2</sub> emissions by 6,750 tonnes annually, and it has saved more than 200 million litres of water annually.

So those are some of the savings that we have accomplished already. There are a few more. I think I'm going to ask the deputy minister if he wants to speak to the other savings.

**The Acting Chair (Mrs. Joyce Savoline):** There's about a minute left.

**Mr. Ron McKerlie:** Sure, thank you very much.

Of course, one of the big things the government has done in the 2011 budget is commit to reduce the size of the OPS by another 1,500 full-time equivalent positions by March 31, 2014. This is in addition to an earlier commitment to reduce the size of the Ontario public service by 5%, or about 3,400 full-time staff, by March 31, 2012. So we're reducing the size of the Ontario public service by 4,900 full-time equivalents. We'll save about \$500 million a year once this is fully implemented, so there are significant cost savings available.

We already had the lowest number of provincial public servants per capita and the lowest expenses at \$9,300 per person for the fiscal 2010-11 year. What it means is that by March 31, 2012, the size of the OPS will be 65,245, and by March 31, 2014, that'll be down to about 63,745.

Just a couple of other areas where we have saved money: The Ontario public service senior managers earning \$150,000 or more didn't receive any performance pay for the 2009 calendar year, so that had some significant savings for us.

**The Acting Chair (Mrs. Joyce Savoline):** I'm going to ask you to wrap up, please.

**Mr. Ron McKerlie:** Great, thank you.

In terms of consulting services, again, we've reduced consulting services over the last 10 years by over \$300 million a year, which is a significant savings as well. I'll stop there.

**The Acting Chair (Mrs. Joyce Savoline):** Thank you. We'll now take the rotation back to the official opposition. Mr. O'Toole?

**Mr. John O'Toole:** A very nice segue. We're talking about a reduction in the size of the civil service, as well as the issue on performance pay.

It's strange and odd that in the last little round of questioning, I asked the minister directly if there were other things he would like to disclose at this time. I had mentioned Ron Sapsford and the secret deal there. We couldn't find out; you never answered that question. Then I asked, would Sarah Kramer still be on the sunshine list next year, even though she has been away for a couple of years?

Then this morning, surprise, surprise, we find out—it makes me very cynical. Minister, you're familiar with the headlines. I'm sure they've briefed you on them, so I expect to have the information here. When did you become aware of this deal?

**Hon. Harinder S. Takhar:** I read it in the paper, as you did.

**Mr. John O'Toole:** So you're telling this committee you did not know anything about it? Otherwise, if you did, then you misled this committee yesterday.

**Hon. Harinder S. Takhar:** You got my answer.

**Mr. John O'Toole:** I'm asking you again. When did you find out?

This is troubling, because it stems to the very—the cynicism around Ontario and the voters of Ontario, and you've got this new election bill out there, which is another cynical move. When did you know it? And it turns out you didn't know it. Do you agree, now that you know, because of the good work of the media, that it was wrong?

**Hon. Harinder S. Takhar:** I think I basically—

**Mr. John O'Toole:** No, I'd like a yes or no.

**Hon. Harinder S. Takhar:** It's not just a no. Let me just say this—

**Mr. John O'Toole:** So you agree with it then?

**Hon. Harinder S. Takhar:** Let me just answer it, all right?

I said this in the House; let me repeat it again. I absolutely expect all agencies, including eHealth Ontario, to adhere to the rules around compensation restraint. Our government was very clear about our expectations, and I expect everybody to follow that.

**Mr. John O'Toole:** This is a 10% increase in income, some of it as a bonus for performance. That's a whole different line of questioning—bonusing—and this idea of the secret transaction again. Now, it's clear you did not. Would you like to hypothesize or suggest who initiated this action on behalf of the McGuinty government, this secret, distasteful—in the climate of—let's put this frame around this.

If you look into the media and the media reports, you had a whole PR campaign around this freeze and this discipline within the expenditure side of the province of Ontario. We're finding out piece by piece—first of all, the Sapsford deal. Then we find out about the secret OPS deal. Now we're finding out—are there any other secret deals that we should be prepared for? When will the other shoe fall? The other shoe? It must be a four-headed monster. Just quickly, because I'm very—

**Hon. Harinder S. Takhar:** I think the member knows, but let me just repeat it for the sake of the record: EHealth is an agency of government with an independent board of directors, and this agency reports to the Minister of Health and Long-Term Care. So I have very little to do with this agency. You can keep asking me the questions, but I won't be able to provide you with any information on this because this agency reports to the Minister of Health and Long-Term Care. I think that's where the—

**Mr. John O'Toole:** It's the Minister of Health. Will you intercede on behalf of this committee and have the Minister of Health table the instructions to go ahead and reward eHealth? Will you get the Minister of Health to table that information?

**Hon. Harinder S. Takhar:** I can't instruct the Minister of Health to do anything, but I can tell her that you made this request, and it's up to her to do it.

**Mr. John O'Toole:** Failing that—because it's the same with the Sapsford deal. These secret deals—you don't know anything. That's true? That's what you're saying to me? You read out these statements, the prepared text that the political staff have written for you, not the deputy minister sitting beside you. I have the greatest confidence in what they're trying to do. They understand that Ontario's going off the cliff and you're still spending money like a drunken sailor—well, an intoxicated sailor. We'll leave it at that.

**Mr. Bob Delaney:** Let's keep the rhetoric low.

**Mr. John O'Toole:** The point being here is, will you take a step on your behalf to make this—and the media might pick this up, Minister. Will you categorically say that you'll make every effort to roll this back?

**Hon. Harinder S. Takhar:** Let me say this—and I said this in the House—I expect all agencies, including eHealth, to abide by the rules and regulations that we put in place.

**Mr. John O'Toole:** Apparently they're not abiding by—

**Hon. Harinder S. Takhar:** There is no exception to that. We brought in a compensation freeze to ensure no one would be paid more this year than they were allowed to earn last year. That was what the compensation guidelines were.

**Mr. John O'Toole:** Well, we'll say this much, that you're refusing now to say you'll roll it back. That means you implicitly approve of it. I'm not trying to read into it. I want to make it clear, when I report in the media, when they ask me hopefully after this scum in here, that you tacitly approve of this increase; right?

**Hon. Harinder S. Takhar:** I didn't approve it. I don't approve it. It is not up to me to approve it.

**Mr. John O'Toole:** So you don't approve it?

**Hon. Harinder S. Takhar:** I said this—

**Mr. John O'Toole:** I heard, "I don't approve of it." So will you ask for it back?

**Mr. Ted Chudleigh:** Who's it up to?

**Mr. John O'Toole:** My colleague Mr. Chudleigh will be picking up these questions because he's irate about it as well. Here he is fighting for a hospital and you're giving away money for no outcomes that were expected.

Give us one small—you probably know this. It will be the first thing you actually knew. Anyway, how much is it going to cost? That's a pretty straightforward question. It's about a 10% increase, with some of it bonusing and some of it annualized funding. How much is it going to cost? We just heard there's about 65,000 or 66,000 OPS. They'll all want this now because the OPS is getting it. AMAPCEO's going to want it. EHealth's getting it. There's no freeze. How much is it going to cost? Come on.

**Hon. Harinder S. Takhar:** Look, you are just making assumptions. You are entitled to keep making those assumptions. I said in the House that the Minister of Health and Long-Term Care had asked for the chair and CEO to provide a full accounting of all this, and when she gets that information—and she has made it very clear

outside as well that she is taking this very seriously. She takes this seriously because Ontarians are taking it seriously. We want to make sure that she gets the full information. She's calling those people, and once she gets the information, she will make the decision.

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**Mr. John O'Toole:** At about 10 minutes, I'm going to let Mr. Chudleigh take the line of questioning, because I'm exhausted. I think I've exhausted—I'm going to ask you one more time: Do you approve of this eHealth increase?

**Hon. Harinder S. Takhar:** I expect all agencies to abide by the rules and regulations that we put in place. That's what we expect.

**Mr. John O'Toole:** Okay, I heard that. It's already on the record. I've got that. Now, would you relate this to a specific increase in service delivery to the people of Ontario for this increased cost? You won't tell me the cost; maybe you'll tell me what I can expect to get for it.

**Hon. Harinder S. Takhar:** Listen, I think this question—

**Mr. John O'Toole:** You don't know that either. Holy smokes. That's terrible.

**Hon. Harinder S. Takhar:** This question is best directed to the Minister of Health, because this agency reports to the Minister of Health and Long-Term Care. From my point of view, I am responsible for the general guidelines and expect all agencies to follow those guidelines, and they are supposed to do a report to the Minister of Finance. It's very fine that they have complied with the rules and regulations that we put in place.

**Mr. John O'Toole:** Look, we've always understood—at least, you present yourself as the all-knowing czar of everything—that all deals, all contracts, cross your desk and you do the ministerial duty and approve them. I assume either they have no confidence in you so they're bypassing you—I guess it's Minister Matthews who has got the real power. Is that it? You aren't even informed. You had no clue until you read it in the paper. This is what you're telling me. You've got the same notes that I've got. Yesterday, I asked the same question: Is Sarah Kramer on the sunshine list next year? You should know that. Is there another deal there? Tell me right now. I'm sure she's on there next year.

**Hon. Harinder S. Takhar:** I'm sure you know Eleanor Clitheroe was making \$2.2 million, and \$172,000 for the cars, and then you—the chief of staff of the former—

**Mr. John O'Toole:** That's fine. You can bring that up on your own time. This is my time, and I've got a question with you now.

Through the Chair now, respectfully. We'll tone it down a little bit, but not much.

**The Acting Chair (Mrs. Joyce Savoline):** You ask the question; the minister will answer.

**Mr. John O'Toole:** He won't answer, though. Chair, can you force the minister to answer one of these questions?



**The Acting Chair (Mrs. Joyce Savoline):** You could ask the questions.

**Mr. John O'Toole:** I presented three questions; he hasn't answered one of them. I'll give him a chance. There are three questions. I'll read them very quickly, and you can say yes or no. Don't read me that same statement that the ministry people wrote out for you. That's all you've been giving me.

First of all, you didn't know about it. You've told me that. That's one answer you did give me. You didn't know a thing about it until you read it in the paper. That's shameful. You're the minister of one of the large—spending billions of dollars a year.

Would he roll it back? He wouldn't answer that one. I'll give you another chance. Look, I'll take my foot off the brake here. Would you roll this back? You had a business.

**Hon. Harinder S. Takhar:** I made it very clear in the House. We expect them to follow the rules. If they don't follow the rules—

**Mr. John O'Toole:** And how much did it cost? You don't know any of the questions. I think we could almost adjourn.

**The Acting Chair (Mrs. Joyce Savoline):** You're at 10 minutes. If you want to pass it to Mr. Chudleigh, his 10 minutes will start.

**Mr. John O'Toole:** I'm going to Mr. Chudleigh. He might be able to—

**Mr. Kim Craiton:** Sorry, Paul, there's no time left for you. We're adjourning.

**Mr. John O'Toole:** No, no.

**The Acting Chair (Mrs. Joyce Savoline):** He didn't say that.

**Mr. John O'Toole:** I was going to—

**The Acting Chair (Mrs. Joyce Savoline):** Mr. Chudleigh?

**Mr. Ted Chudleigh:** I thought I heard the minister say that you don't approve of what happened at eHealth.

**Hon. Harinder S. Takhar:** What I said is, I expect all agencies to comply with the rules and regulations put in place and to not get around the rules and regulations.

**Mr. Ted Chudleigh:** Just prior to that, you said that you don't approve of it. Obviously, you didn't know when—

**Hon. Harinder S. Takhar:** No, I said either way, I expect—

**Mr. Ted Chudleigh:** I think it'll be recorded in Hansard that you said you didn't approve of it. You do disapprove of this. The sentence that you keep reading there would indicate that you—

**Hon. Harinder S. Takhar:** Listen, you can put your words—

**Mr. Ted Chudleigh:** What I would like to ask, Mr. McKerlie, is if you knew about this bonus system and when you might have known about it.

**Mr. Ron McKerlie:** I knew what their payouts were when I read the paper this morning, so that was the first time I had seen it. But eHealth, which is an independent agency with an independent board, is able, within the

rules that we've set out in the compensation act that was passed, as long as they already had the program in place, to have a pay-for-performance component in their total compensation. That's what we're talking about, not a bonus scheme or something in addition. We're talking about a part of their compensation which is at risk. In other words, if they do not meet their performance objectives, which are set at the beginning of the year, they don't get it.

**Mr. Ted Chudleigh:** Sorry. You're suggesting that the wage freeze that was applied to the Ontario civil service by the Minister of Finance didn't apply to that element of the civil service. That's what you're suggesting?

**Mr. Ron McKerlie:** In 1996, when we set up pay for performance, we put a portion of a senior manager's pay at risk; in other words, they had to meet their objectives for the year or they didn't get that portion of the pay, and—

**Mr. Ted Chudleigh:** I think your concept of a wage freeze—

**Mr. Ron McKerlie:** I'm answering the rest of your question.

**Mr. Ted Chudleigh:** I think your concept of a wage freeze is far different than mine. A wage freeze is when no one gets an increase in pay, like the civil servants and like the MPPs have done for the last few years.

**Mr. Ron McKerlie:** If the pay-for-performance component didn't go out, it would be a wage cut, so if you didn't get paid the at-risk portion, it would be a wage cut. So what's happened in terms of pay for performance, at-risk pay, the actual payouts have decreased year over year.

**Mr. Ted Chudleigh:** Now, does this same bonus system apply to OLG employees as well? They have an arm's-length board. Are OLG employees able to get bonuses out of the government as well? Minister, do you know that? The OLG operates under your ministry.

**Hon. Harinder S. Takhar:** No, it doesn't; under the Ministry of Finance.

**Mr. John O'Toole:** I want to pick up—we're acting like a tag team here. We asked you yesterday if there were other senior civil servants who got a bonus. That's part one of this. Now, are there other senior civil servants you'd like to disclose in public today who got a bonus?

**Hon. Harinder S. Takhar:** Let me just refer this to the deputy.

**Mr. Ron McKerlie:** Performance pay is an allowable exception under the legislation; it's part of the organization's compensation plan going back well before the legislation, and it was an allowable exception. In other words, if a portion of your pay is at risk, you have to meet a set of objectives set at the beginning of the year and you get a payout as a result of that. That's part of your total compensation package.

**Mr. John O'Toole:** Now, let's be clear. I'm listening to you, Deputy, and I respect that. Were there two—that was reported in the media about four weeks ago, that there were two deputies and even though they did not achieve the goals, a decision was made, I believe at Man-

agement Board, to give them the bonus. Do you want to admit to that today? Because it was in the media.

You said that they had to achieve a certain outcome to be entitled to the bonus. That might be something in a sales kind of arena. This is a true question: Are there two high-ranking civil servants who would have qualified for a bonus—I think it's in your ministry—had they achieved their outcomes, but did not achieve the outcomes, and the decision was, “To be fair, we'll just give it to them anyway?”

**Mr. Ron McKerlie:** I'm not aware of that.

**Mr. John O'Toole:** Well, you'd better look it up, and I'm asking you to look it up because it was reported in the media, and I'm not fabricating this.

The inconsistencies here—yes, a bonus is permissible, and yet it should be tied to some outcome. That might even be understandable if there are deliverables on the table. Would you say that eHealth—I'm asking the deputy now, and this is a fair question—given all things, if I look back to the Auditor General's report: “In a searing report” in 2009, “Auditor General Jim McCarter criticized both the Liberals” for creating eHealth as well as overspending in eHealth, and one of the inside Liberals said in this article, “These guys just don't get it.” This was from a high-ranking Liberal official, as reported in the media today.

They even had a focus group on the whole eHealth model since Sarah Kramer sort of took over. Do you think, with their performance, that they were entitled to a 10% increase?

**Mr. Ron McKerlie:** So the number of things that the Ministry of Health—

**Mr. John O'Toole:** The 10% increase, was that on for what they're delivering?

**Mr. Ron McKerlie:** It's not a 10% increase; it's a pay-for-performance payout, so a number of their criteria, I understand from the Minister of Health's announcement this morning, included things like delivering the emergency neuroimage transfer system. It connects all Ontario hospitals, allowing them to share diagnostic information. This was a big delivery. It went live in January 2009 and meant 1,558 patient transfers have been avoided. It saved \$50 million.

**Mr. John O'Toole:** This is 2011.

**Mr. Ron McKerlie:** But you're talking about payouts for last year. You're talking about performance for the year past; you're not talking about—

**Mr. John O'Toole:** That was 2010. You said 2009; this is 2011. I can see 2010. I'm sure they're doing something over there. They're spending millions and millions of dollars. I'm sure they're doing something, and I don't blame them. They should be taking advantage of every lack of management that is evident in the McGuinty government.

That's really what this comes down to. The minister, who is supposed to be signing all these contracts, whether they're consultants or third party providers, hasn't got the foggiest idea what's going around; they're spending and he doesn't even know how much they're

spending. Some 10% of their budget—what's the budget of eHealth? Do you have any idea?

**1620**

**Mr. Ron McKerlie:** It reports to the Ministry of Health and Long-Term Care.

**Mr. John O'Toole:** Ministry of Finance, here we go again. No answer.

I'm going to let Mr. Chudleigh ask a question, because it's just so frustrating for me.

**The Acting Chair (Mrs. Joyce Savoline):** About two and a half minutes.

**Mr. Ted Chudleigh:** Are you sure I can have it all?

**Mr. John O'Toole:** You can have it all.

**Mr. Ted Chudleigh:** I guess I'd like to ask the minister when he knew about this. You haven't answered that question. That is something that you know, as to when this came to light. When did you actually know that these bonuses were being paid?

**Hon. Harinder S. Takhar:** Which bonuses are you talking about?

**Mr. Ted Chudleigh:** I'm talking about the 7.8% bonus and the 1.7% wage increase. When did you know that came to light?

**Hon. Harinder S. Takhar:** I think I answered that question, but let me just—

**The Acting Chair (Mrs. Joyce Savoline):** Mr. Chudleigh was not in the room when you answered it. Please answer it again.

**Hon. Harinder S. Takhar:** Anyway, let me just answer this question again. First, eHealth is not an agency of my ministry; eHealth is an agency of the Ministry of Health and Long-Term Care. The agency reports to that minister, not me, so there was no reason for me to know about it. I read about it, like you, in the newspaper.

**Mr. Ted Chudleigh:** So that's the first time you knew about it?

**Hon. Harinder S. Takhar:** That's what I said.

**Mr. Ted Chudleigh:** And you say that you disapprove of these bonuses.

**Hon. Harinder S. Takhar:** What I said is I expect all agencies to abide by the rules and regulations that were put into place in not only the spirit but the letter of the law as well.

**Mr. Ted Chudleigh:** And if we find that that has not been done, will you roll back that bonus and wage increase?

**Hon. Harinder S. Takhar:** I think the Minister of Health is meeting with the CEO. She's also meeting with the chair of the board, and she has asked for a full report. I think she needs to determine whether this complies with the legislation or not. That is the first thing we need to determine. After that, the decision will be made.

**Mr. Ted Chudleigh:** So this problem rests on the shoulders of the Minister of Health. Is that what you're saying?

**Hon. Harinder S. Takhar:** This agency reports to the Minister of Health and Long-Term Care. It's her agency and she needs to comply with the rules and regulations that were put in place. Also, every agency is supposed to



send a report to the Minister of Finance attesting to the fact that they are complying with the rules and regulations.

**Mr. Ted Chudleigh:** So every agency, board or commission in Ontario that operates with government funding could, in fact, circumvent the wage freeze and give their employees wage increases above and beyond zero?

**Hon. Harinder S. Takhar:** Let me pass this on to the DM.

**Mr. Ron McKerlie:** The way you phrase the question, no. But performance pay is an allowable exception under the legislation, if it was part of the organization's compensation plan prior to the legislation coming into effect.

In other words, if a portion of your pay was at risk and you continued to meet your objectives, which are set at the beginning of every year, then you are entitled to a payment. That includes agencies, boards and commissions that had those programs in place prior to the legislation coming into effect.

**The Acting Chair (Mrs. Joyce Savoline):** Thank you. The rotation is over. Now we'll move on to the NDP.

**Mr. Paul Miller:** Yesterday, I was following a line of questioning in reference to the wages and benefits and percentages on your costs for employee benefits. I was surprised at the amount in the pie chart. Now that I look at it, I realize that civil servants and the costs, your ministry actually takes the entire—

**Hon. Harinder S. Takhar:** That's right.

**Mr. Paul Miller:** So that's understandable at that rate. I feel more comfortable with that. I certainly believe that all civil servants deserve their pension benefits and all things they're entitled to, through their collective bargaining, which is absolutely a must.

Where I was going with that is that I'm concerned about the golden handshakes. I'm concerned with whether that is put under your budget as a cost to you, when it could be coming from different areas of the government. Buyouts and payouts to golden handshakes, is that included in the 70% of salaries in your pie chart?

**Mr. Ron McKerlie:** I'm not sure I know what a golden handshake is. Are you talking about legislated severance?

**Mr. Paul Miller:** Well, I think you know what a golden handshake is.

**Mr. Ron McKerlie:** Are you talking about legislated severance?

**Mr. Paul Miller:** I'm talking about all the extra bonuses and things that go to Hydro One and all the big executives who leave and aren't working and get money. You know what I'm talking about. Is that part of that pie chart?

**Hon. Harinder S. Takhar:** First, agencies and boards have their own budget. It's in their budgets, right?

**Mr. Paul Miller:** But does it fall under your charts?

**Mr. Ron McKerlie:** Yes, so severance, if you're talking about legislated severance—

**Mr. Paul Miller:** That's what I'm talking about.

**Mr. Ron McKerlie:** That is included in our costs on page 31.

**Mr. Paul Miller:** Okay, so this discussion will end quickly, because I now understand why your costs are so high with these buyouts that you have to put in your pie chart, which you shouldn't have to. It falls under your ministry. I don't think you should take the brunt of the criticism of the cost of employee benefits and employee payouts. I don't think it's fair. I think the civil servants earn their money. I think they're entitled to the benefits that they should get. But I don't think it's fair to put these—you said you didn't understand what golden handshakes are. I think you know exactly what I'm talking about. The golden handshakes are included in the pie chart. They shouldn't be, because that certainly reflects on the overall civil service as the cost and the money, and the public sometimes becomes critical of what is being paid out in these ministries.

I really feel that you're doing yourself a disservice by allowing payouts—whether it is the health or whoever it is—for government services and people in high management positions who get these buyouts, because it goes on your chart and people are criticizing the amount of money that is paid out in civil service buyouts. I don't think that's fair to the workers who are still there. I don't think it's fair to the overall ministry.

What can you do about that to separate those kinds of questionable contracts, I would say, that are signed, and these special inserts that are in these deals where, you know, I don't have to work and I still get \$500,000 when I go out the door? These types of things happen. I think if you were smart, as a minister and a ministry, you would certainly kick up a fuss, because when it shows up on your pie chart, it's very concerning, the amount of money that is paid out in benefits. I believe 70% of your entire—and I understand that people are entitled to their pensions. But we're not talking about the front-line workers; we're talking about these guys in hospitals and Hydro One who walk away with hundreds of thousands of dollars. Is that part of your chart?

**Hon. Harinder S. Takhar:** No.

**Mr. Paul Miller:** It's not.

**Mr. Ron McKerlie:** It's just the OPS.

**Mr. Paul Miller:** It's not.

**Hon. Harinder S. Takhar:** First, it's only the Ontario public service costs, and even in the Ontario public service costs, if I understand it right, although we can ask the chief administrative officer to clarify this as well, only the legislated, statutory severances will be part of this.

**Mr. Paul Miller:** Okay. Thank you. I just wanted to clarify that. Thanks.

My next question is the sunshine list. Yesterday, a response was given to a question about the sunshine list that gave me pause. The deputy said that any payments that you get show up on the sunshine list if they are on your T4. Well, that left me to question why—if this money was paid out to Mr. Sapsford, it obviously showed up on the T4, and therefore was included in the sunshine

list. Following that line of thinking, there must be documentation setting out the details of this payout. Why is the minister refusing to answer questions about the deal Mr. Sapsford got when he left the public service?

**Hon. Harinder S. Takhar:** Okay—

**Mr. Paul Miller:** Do you want me to repeat it?

**Hon. Harinder S. Takhar:** No, no, you don't need to repeat it. Let me just answer the question.

Whenever you enter into a contract and somebody's services are terminated, there are two ways you can handle it. This has been a practice not just in the public sector but in the private sector as well. You either say to the person, "This is what you're entitled to and you can get that in a lump sum," and it becomes his severance pay, or the person can choose to get that pay over whatever the period decided, whatever their contract is, and then they can keep getting their regular pay.

**Mr. Paul Miller:** In increments.

**Hon. Harinder S. Takhar:** Like, monthly—they will carry on. Let's say somebody's severance is six months, right? You can actually basically get that every month for six months.

**Mr. Paul Miller:** But would it be fair to say, Minister, that the deal initially is signed by your ministry with whomever, whether it be a consultant or whether it be a person under your jurisdiction? You sign those deals initially, and I think that the public perception out there is that these deals that are signed initially are out of whack—even in the private sector they are out of whack—and these people are signing sweetheart deals when they go to the ministry initially to do the job they're going to do for the ministry. And you are locked in, whether the deal, the contract, is for two or three years, whether you're giving them monthly increments, whether you're increasing their pay annually, whatever you're doing, part of their deal.

**1630**

I think it would be safe to say that you are signing bad deals with these executives or these consultants initially, or you wouldn't find yourself in the position where you're being criticized. It's not just your ministry; it's all of them. You wouldn't be being criticized by the opposition or the public for these sweetheart payout deals. You may laugh, but if you go into my community, there are a lot of people who can't even spend a day in the hospital because they can't pay the fees and are discharged early because they can't afford the bed, and you've got guys walking away from Hamilton health services with hundreds of thousands of dollars. Minister, with all due respect, your priorities are screwed up. Twenty percent of the people in my riding are living below the poverty level. I have single mothers coming into my office with nowhere to go with two kids, who can't pay their hydro bill, and you've got guys walking away under your jurisdiction with millions and millions of dollars.

The eHealth scandal: I asked a question last year and didn't get any answers for it, and this would certainly dovetail into what's going on here. I asked how much they spent on the electronic card thing. They said they

spent \$388 million on the whole four-year process of creating, consulting, hardware, software for these cards' development. They spent \$388 million, Minister. I asked them what they got for that in hardware, software, programs, advice—you name it. They said, "We can't tell you that, Mr. Miller. You're going to have to go through freedom of information."

I am part of this government, and our party had to pay money through freedom of information to get that. When they came back to me, Minister, they told me, "Mr. Miller, we got \$100 million worth." I said, "Okay. What happened to the \$288 million?" It went to Liberal-friendly consultants. Sixty-six percent of that budget went to Liberal-friendly consultants over a four-year period. You ask me why the public is upset; you ask me why they're concerned? It's waste like that.

Minister, in all due respect, if you take that into consideration, that's one ministry. There are 22 major ministries. There are another 260 tribunals, agencies and what have you, whether it's education or hospitals, that fall under the duress or direction—it is duress—of this government. It would be safe to say that billions of dollars were spent on consultants and other things in the last five years under your direction and your government. It's really scary to me, Minister, because what could Paul Miller do with a billion dollars in Hamilton? I could do a lot. I could put a lot of people back to work. I could feed those kids who haven't got any place to go and need help.

That's just one ministry. I really think that we need a big shake-up in this government. We need a big shake-up at Queen's Park.

I'm a layman, Minister, and I come from a steel mill. I'll tell you, in the last four years, my eyes—I need toothpicks, my eyes are open so wide to see the waste that goes on in government: the waste, waste, waste.

Anyway, now that I've done my rant, getting back to the question about the sunshine list, yesterday a response was given to a question about the sunshine list that gave me pause, as I said. That left me to question why—if the money was paid out to Mr. Sapsford, it obviously showed up on the T4 and therefore was included in the sunshine list, so there must be documentation setting out the details of this payout, which you claim is the Ministry of Health. Why is the minister refusing to answer the question about the deal that Mr. Sapsford got when he left public—I repeat, public—service?

**Hon. Harinder S. Takhar:** Through you, Chair, I don't know how I can answer the question. That relates to some other ministry. I'm here to defend my estimates, and if there's a question on the estimates, we'd be more than pleased to take it.

**Mr. Paul Miller:** Well, I guess I'm getting a little frustrated, like Mr. O'Toole. It does fall under your ministry.

**Hon. Harinder S. Takhar:** It doesn't.

**Mr. Paul Miller:** What processes are in place to ensure that any severance deals for senior management, particularly, set out exactly what is being paid, why and how it is being paid, and if that will be clearly identified



on the sunshine list? We're not talking about Mr. Sapsford now. Forget the Ministry of Health. This would fall under any ministry. What are you doing to rectify that situation?

**Hon. Harinder S. Takhar:** Let me just give it to the deputy minister, but before I do, the sunshine list is actually compiled in the Ministry of Finance as well. I think you just keep mixing everything and—

**Mr. Paul Miller:** Well, you can keep passing the buck to other ministries—

**Hon. Harinder S. Takhar:** No, it's not passing the buck. You are just bringing in the other thing, and it has nothing to do—

**Mr. Paul Miller:** Minister, with all due respect, I asked you what processes are in place to ensure that any severances, deals—you pay severances out of this ministry too—for senior management, particularly, set out exactly what is being paid out, how it's being paid out, and if that's clearly identified on the sunshine list. How, why, when?

**Hon. Harinder S. Takhar:** I said we will answer that question. I was going to pass it on to the deputy minister. If you want to go on and ask the same question again, that's up to you.

**Mr. Paul Miller:** Well, you're not answering it three times, so I've got to keep asking it.

**The Acting Chair (Mrs. Joyce Savoline):** Okay, the bantering back and forth isn't making good use of time.

Mr. McKerlie.

**Mr. Ron McKerlie:** The Ministry of Government Services would set rules, including the fact that you can either take severance as a lump sum payment or you can have it as salary continuance. If it's paid as salary continuance, it shows up as employment income on your T4. If it shows up as employment income on your T4, it will be reported on the sunshine list.

Individual deals for employment contracts would be negotiated directly with the individual. The minister does not do that, and wouldn't necessarily have access to the details of those contracts.

**Mr. Paul Miller:** Thank you. Yesterday, I mentioned diversity. I asked for the percentage of members of OPS upper management that are visible minorities, and I asked about the barriers you see to greater diversity in the OPS. Ms. Coke responded that she did not have the information with her. Is that information available for me today, and if it isn't, why not?

**Mr. Ron McKerlie:** It is available for you today. If I can just remember which—

**Hon. Harinder S. Takhar:** I have it here. In the 2009 employee survey, 11% of the senior managers responded and identified themselves as visible minorities, and 15% of the managers—MCP excluded, which is the specialists—who responded identified themselves as visible minorities. Overall, 15% of all OPS employees identified themselves as visible minorities in the 2009 employee survey.

Let me just go on. If we compare this to the 2000 employee survey, in the senior management ranks it was

9%; in the manager and the MCP ranks it was 14%; and, overall, it was 13%.

So if you look at this, I think there was gradual progress made. I think the new survey may even indicate better results.

**Mr. Paul Miller:** Thank you. I realize that the deputy talked about the mentorship program yesterday, but I want to know what else is being done, not just at that level.

Also, the internship program sounds very good, but to whom is it accessible and how do you plan to make it available to more diverse groups at all levels of employment?

**Hon. Harinder S. Takhar:** Let me just talk about the internship program a little bit, and the deputy can pick up on the mentorship program.

I think the internship program is very good. In the last four or five years, we have made really good strides in actually getting new immigrants, to give them the experience—because one of the hurdles new immigrants always face is, “Are your qualifications recognized?” or “Do you have Canadian experience?”

Our effort was to give them some Canadian experience in the field that they are qualified in so that they can go and get the jobs outside. This program has been successful, to the extent that 80%-plus employees have been retained by the OPS because they're qualified, they do a good job—and that also helps us to improve our diversity numbers.

This program has been successful. It's available to all new immigrants who are professional and who are looking for experience in their own field, so that they can either apply here or go and get the jobs outside. But the objective was to give them the experience to go and get the jobs outside.

Almost 600 people have been trained in this environment. We do this through an agency that actually goes through the list of the people who apply, and then they try to match them with the positions that are available within different ministries.

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**Mr. Paul Miller:** Thank you.

The Drummond commission: Again yesterday I asked about the mysterious Drummond commission about which I have another question. I didn't get any answers—who's on it or how it's going. It was very vague.

What processes will be put in place to reflect how the cost and mandate of this commission will be reported by all ministries for which he addresses issues, and who will respond to questions that may be raised about the commission during next year's estimates process?

**Hon. Harinder S. Takhar:** Actually, the Drummond commission reports to the Minister of Finance. He should really be the person who should be answering these, but basically the mandate of this has already been outlined on page 71 of the 2011 Ontario budget.

**Mr. Paul Miller:** It may have been outlined, but the questions I asked yesterday, Minister, were: Who's on it? You didn't know. When is it going to start? You didn't

know. All you know is that one guy has been appointed to it. It's an extremely grey area of how this is going to transpire. I'm very concerned about the players and who will be—as the deputy minister said, probably bureaucrats will be appointed to it.

I'm very concerned about the direction, under the influence of a governing body, which may be one of the three parties at the time, that Mr. Drummond will take—what direction he'll take from the ministry or high ministry staff, whether they're deputy ministers or high bureaucrats, when no one—I repeat no one—from the public will be involved.

**Hon. Harinder S. Takhar:** I think this question will actually be better addressed by the Minister of Finance, but the deputy seems to have some more information which he can share with you.

**Mr. Ron McKerlie:** As the minister said, it is a commission that reports to the Minister of Finance, but on page 71 of the budget document it does outline what the commission is intended to do.

As I mentioned the other day, MGS has offered up resources to support the commission. They would be public servants who are available to help them. I'm not aware—and I don't think the minister is aware—of anybody else who's been appointed to the commission other than Don Drummond himself. But I can certainly go through, if it's of interest to you, what their mandate is as spelled out in the budget document.

**Mr. Paul Miller:** I don't think you have to go through the mandate. I think my main concern was the lack of public participation, the lack of public people being on the commission. With all due respect to the bureaucrats who are being assigned to the position, there may be a direction that they've been instructed to take through the ministry, if they're working for the ministry at the time and if they're advising Mr. Drummond.

My question is—and you know that sometimes, when the car gets driven and everybody's put in the back seat—

**The Acting Chair (Mrs. Joyce Savoline):** Thirty seconds.

**Mr. Paul Miller:** —nobody knows really what direction it's taking and who's driving the car.

What I'm saying is, why wasn't this tendered for public participation and why do people appoint people—who is the surplus of the committee made up of bureaucrats appointed by various ministries? I have great concern about that.

**The Acting Chair (Mrs. Joyce Savoline):** A quick answer, please.

**Hon. Harinder S. Takhar:** I think the quick answer I can give is, I hear the concerns and we will be more than pleased to pass them on to the Minister of Finance.

**Mr. Paul Miller:** Thank you.

**The Acting Chair (Mrs. Joyce Savoline):** The rotation now goes to the government. Mr. Delaney.

**Mr. Bob Delaney:** Chair, I would ask unanimous consent that if the government stands down its 20-minute

rotation, that such rotation not be added to the pool and we would pass the turn to the opposition for its 20 minutes.

**The Acting Chair (Mrs. Joyce Savoline):** Agreed?

**Mr. Paul Miller:** I don't have a problem with that.

**Mr. Ted Chudleigh:** Yes.

**The Acting Chair (Mrs. Joyce Savoline):** Agreed. Thank you. Then we will move on to the official opposition. Mr. Chudleigh.

**Mr. Ted Chudleigh:** In the eHealth story in the Toronto Star this morning there was a paragraph that talked about a comment by a high-ranking Liberal, and I guess we can all speculate on who that high-ranking Liberal might have been—the guy who hangs around the halls all the time. His quote is, “These guys just don't get it.” I think he was referring to the people who were giving out bonuses and wage increases when there was a government freeze on.

There were a lot of people in the government ranks who were very surprised that this was going on. Yet the deputy tells me that this was part of their wage agreement and that any agency, board or commission in Ontario that has these clauses in their wage agreements, we can expect to hear that they are getting bonuses and they're getting wage increases—that they are, in fact, not affected by the wage freeze.

There's a lot of different deals for a lot of different people at different levels of the government. Do you think that's fair?

**Hon. Harinder S. Takhar:** Let me say that the unions have their own collective agreements. We have made it very clear that we would honour those collective agreements, but we also expect the employees, at the end of their collective agreements, to actually honour the legislation that we have passed.

You know as well as I know that agencies have independent boards that basically manage those organizations. Those agencies report wherever they belong in different ministries, and they have their mandate letters between the minister and the agency. So I think it is unfair for me to even speculate as to whether they have separate agreements or don't have separate agreements. If the DM has any more information on this, he can share it with you.

**Mr. Ted Chudleigh:** I was interested in your opinion, Minister, as to whether you thought that different deals—some of these people, like the nurses in my riding, are non-union, and they're being held at a wage freeze. For the past year, they've been frozen, and for the next year they're frozen, yet other nurses in other hospitals, some of which service parts of my riding, are under union agreements and they're getting wage increases. So there are different deals out there for different people and different groups of people, and apparently, the agencies, boards and commissions—such as eHealth, which is an arm's-length organization, as the deputy pointed out—are not affected by this wage freeze at all. It seems to me that it's inherently unfair.



I wonder whether or not the consequences of these different deals that are happening across Ontario have been considered in the budgeting of the various ministries who support these agencies, boards and commissions. The consequences of that, of course, would be higher budgets, higher expenditures for those ministries—and whether those higher budgets have been taken into consideration in the budget that was presented in March of this year.

I'm very concerned that any money that was spent unexpectedly by the government is going to lead to the government having to raise taxes, something that your government has not hesitated to do in the past, but Ontario families are feeling the pinch. It's Ontario families that have to pay for the government not knowing that these bonuses and wage increases were actually happening.

It seems to me, from the story in the Star, from what I heard in the House today and what I could read into the faces of the backbenchers and some cabinet ministers on the other side of the House, that a lot of them are very surprised and a lot of them are very upset that these types of management decisions are being made; that they didn't account for it in the budget and Ontario families are going to have to pay increased taxes because the government didn't know what was going on in their own ministries. So I'm very concerned that this is going to result in a tax increase to Ontario families.

I wonder if your ministry, and, to your knowledge, your government, had budgeted these wage increases into the budget that was presented last March.

**Hon. Harinder S. Takhar:** We all represent ridings, and we're all aware that we have gone through two years of very tough times, not just in Ontario but in Canada and throughout the world. That's why we brought in this legislation that says that we need to constrain our salaries and benefits for the public sector, even though they perform very useful services.

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At the same time, what we also made clear was that if there's a contract in place, those contracts will be honoured, but at the end of the contract, we expect them to have a freeze. I made that very clear in the House today, and I'm making it clear here now that we expect all of our agencies, including eHealth—no exceptions—to follow the rules around compensation. There are no exceptions to it. That's why the Minister of Health is actually meeting with the CEO. She's going to meet with the chair of the board, and she's going to ask for the complete accounting for it.

The Minister of Finance has a process in place. Under that process, every organization, including agencies and boards, are supposed to report to the Minister of Finance and indicate that they have lived not just with the intent but the letter and the spirit of the agreement, and they're supposed to confirm that in writing.

There is legislation in place; there is a process in place. And if somebody is not complying with it, that will be dealt with.

**Mr. Ted Chudleigh:** So it would be rolled back if someone's not complying with it. Is that what you're saying?

**Hon. Harinder S. Takhar:** What I'm saying is, if they do not comply with the spirit of the legislation—every legislation has enforcement in it, whatever the enforcement will be, if you don't comply with the spirit of the legislation and the intent of the legislation and you try to get around it.

**Mr. Ted Chudleigh:** So what you're saying, then, is that tomorrow we'll find out the result of the deputy's meeting of today and that these bonuses and wages will probably be rolled back, in your opinion.

**Hon. Harinder S. Takhar:** I think that is a question that you should address to the Minister of Health. What I'm saying is, the legislation is legislation. The rules are clear, and everybody is supposed to comply with the rules and regulations.

**Mr. Ted Chudleigh:** Were you surprised this morning when the Acting Premier passed the question to you?

**Hon. Harinder S. Takhar:** Listen, I actually don't have the background on this to say why these payments were made, whether they complied with the rules and regulations or not. That's why the Minister of Health is meeting.

What I made clear in the House, and I'm making it clear again, is that we expect all our agencies to comply with this legislation—

**Mr. Ted Chudleigh:** With respect, Minister Takhar, you're suggesting that the Minister of Health is responsible for this file and that the Minister of Finance is in meetings today concerning this file, and yet they passed the question to you in the House this morning. It would seem to me that the government thinks this file belongs to you.

**Hon. Harinder S. Takhar:** Because the Minister of Health and the Minister of Finance were not in the House. That's why—

**Mr. Ted Chudleigh:** The Minister of Finance answered a number of questions in the House today.

**Hon. Harinder S. Takhar:** He came later on and you didn't ask him the question.

Let me just say, the Minister of Health is meeting with the chair and the CEO. Whether the Minister of Finance is meeting or not, I'm not aware of that.

**Mr. Ted Chudleigh:** Can you tell me whether the bonuses and wage increases were budgeted into the budget for 2011-12?

**Hon. Harinder S. Takhar:** This is with the Ministry of Health and Long-Term Care; I don't have the details of the Minister of Health and Long-Term Care's budget. I'm not in a position to answer that. If the DM has any more information, he can share it with you.

**Mr. Ron McKerlie:** We can talk about any estimates number for the Ministry of Government Services. If it's related to our own pay for performance, we'd be happy to discuss it. I don't have any information from the Ministry of Health.

**Mr. Ted Chudleigh:** What's the largest agency, board or commission, in a budgetary sense, that reports to the Ministry of Government Services?

**Mr. Ron McKerlie:** In terms of cost? Number of people?

**Mr. Ted Chudleigh:** Budget.

**Mr. Ron McKerlie:** Total budget? Probably the Licence Appeal Tribunal, LAT, would be the largest.

**Mr. Ted Chudleigh:** Would they have a bonus attached to their salaries?

**Mr. Ron McKerlie:** I'll ask the person who manages that, Karen Hughes, who's our chief administrative officer, maybe just to come forward to the table, and she can talk about the Licence Appeal Tribunal.

**Ms. Karen Hughes:** The Licence Appeal Tribunal is an agency within the Ministry of Government Services. They have order-in-council appointments, who do adjudicative work, who are paid on a per diem basis, so they get the per diems in accordance with the Management Board guidelines. The staff of the agency are actually Ontario public service staff, so they have 10 staff who work within the agency to provide support. They receive just in accordance with the OPS staff policies.

**Mr. Ted Chudleigh:** And do they have bonuses attached to their compensation?

**Ms. Karen Hughes:** They would be under the collective agreements because they have staff who are both OPSEU and AMAPCEO staff.

**Mr. Ted Chudleigh:** So they would be actually frozen, then? They wouldn't be getting any bonuses.

**Ms. Karen Hughes:** In accordance with the legislation.

**Mr. Ted Chudleigh:** You're not giving me a clear answer.

**Ms. Karen Hughes:** They don't get pay for performance in that sense. Bonuses are what you're referring to.

**Mr. Ted Chudleigh:** So they would be working on the same per diem now as they were working on last year and will be working on next year?

**Ms. Karen Hughes:** The per diems have been the same for the period of time, yes.

**Mr. Ted Chudleigh:** And they'll remain the same under the wage freeze? There hasn't been—

**Ms. Karen Hughes:** As far as I know.

**Mr. Ted Chudleigh:** Why are you hesitating? They will or they won't? Are they able to negotiate an increase during a period of wage freeze?

**Hon. Harinder S. Takhar:** These are the general per diem allowances for all people who sit on the boards. They basically stay the same.

**Mr. Ted Chudleigh:** So they get X number of dollars per day?

**Hon. Harinder S. Takhar:** Yes, that's right. It stays the same.

**Mr. Ted Chudleigh:** So when we turn the corner into this fall or next winter or after the next budget, are they going to get the same per diem per day?

**Mr. Ron McKerlie:** Per diems have been the same for a number—

**Mr. Ted Chudleigh:** Or is going to be X plus 10 or X plus—

**Mr. Ron McKerlie:** Per diems have been the same for a number of years. They'll continue to be the same, at least until the freeze has passed. If the freeze is extended, they'll stay the same.

**Mr. Ted Chudleigh:** So they are frozen?

**Mr. Ron McKerlie:** Correct.

**Mr. Ted Chudleigh:** Why was it so difficult to get that? If you were sitting here, what would be your next question? There's something that seems a little strange that it took me so long to get you to say there's a freeze in the per diem rates.

**Mr. Ron McKerlie:** There's a number of different classes of employee, so we were trying to figure out exactly what question you were asking. We wanted to answer the question you were asking. We've now answered the question you were asking.

The people who are on per diem rates, the rates are frozen. They've been the same for a number of years; they'll be the same at least through the end of the freeze. The other employees, as Karen mentioned, are covered by collective agreements. Whatever the terms of their collective agreements are, that's what they get. Then, when we go back to the table to negotiate, as we've mentioned before, we'll be looking to get two years of net zero in the new collective agreements.

**Mr. Ted Chudleigh:** How many agencies, boards or commissions report to the ministry?

**Mr. Ron McKerlie:** Ten.

**Mr. Ted Chudleigh:** Ten. Licensing is the largest. What's the next one?

**Mr. Ron McKerlie:** None of them are very big. We've got a couple that would only be a couple of people, and we've got a number that only meet irregularly when they would look at the justices' of the peace compensation, the judges' compensation or the compensation for the deputy judges.

**Mr. Ted Chudleigh:** The Office of the Conflict of Interest Commissioner reports to you?

**Mr. Ron McKerlie:** Yes. I think it's two or three FTE.

**Mr. Ted Chudleigh:** Its expenditure is estimated as about \$1 million.

**Mr. Ron McKerlie:** Yes.

**Mr. Ted Chudleigh:** Does it have bonus clauses attached to it?

**Ms. Karen Hughes:** No.

**Mr. Ted Chudleigh:** Performance clauses?

**Ms. Karen Hughes:** No. They're frozen. They're all non-bargaining staff. Their positions would be frozen.

**Mr. Ted Chudleigh:** Is that true of all the agencies, boards and commissions that report to you, all nine or 10 of them? I have a list of them here, apparently. Thank you, Paul.

**Mr. Ron McKerlie:** We're trying to think through all 10 of them. You've got the list in front of you.

**Mr. Ted Chudleigh:** Advertising Review Board.

**Ms. Karen Hughes:** No, they would be frozen.

**Mr. Ted Chudleigh:** They're civil servants?



**Ms. Karen Hughes:** Right.

**Mr. Ted Chudleigh:** Deputy Judges Remuneration Commission.

**Mr. Ron McKerlie:** They're not meeting right now.

**Ms. Karen Hughes:** If you look on page 21 of the estimates, you can see that some of their estimates are very small. That's the anticipated amount of funding in the coming year. That group is estimated at \$10,000.

**Mr. Ted Chudleigh:** The Justices of the Peace Remuneration Commission.

**Mr. Ron McKerlie:** They're not meeting.

**Mr. Ted Chudleigh:** The licence review and the Conflict of Interest Commissioner and the Ontario Pension Board.

**Ms. Karen Hughes:** It's \$392,000.

**Hon. Harinder S. Takhar:** These are again per diem for people on the—

**Mr. Ted Chudleigh:** They're all per diems?

**Hon. Harinder S. Takhar:** Yes.

**Ms. Karen Hughes:** Yes.

**Mr. Ted Chudleigh:** Is there an ability for a per diem employee to move from one level of per diem to another?

**Mr. Ron McKerlie:** If they change jobs, they could do that.

**Mr. Ted Chudleigh:** Not if they stay in the same job.

**Hon. Harinder S. Takhar:** But the per diems are basically the same unless you are a professional—a lawyer or a doctor. The per diems—

**Mr. Paul Miller:** He's talking vice-chair or chair.

**Hon. Harinder S. Takhar:** Yes, that could happen.

**Mr. Ted Chudleigh:** Public Service Commission, Public Service Grievance Board—

**Mr. Ron McKerlie:** If somebody moved from a member, for example, to a vice-chair or a chair position, the vice-chairs and chairs are paid at a different per diem than the members are. If they changed responsibilities, yes, they would be paid at a different per diem.

**Mr. Ted Chudleigh:** Thank you. You don't have any responsibility for the OLG at all, the transferring of funds or moving towards that organization?

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**Mr. Ron McKerlie:** That's the Minister of Finance.

**Mr. Ted Chudleigh:** I've expressed my concern on the consequences of these bonuses, how they may affect budgets in the future, how those future budgets may reflect an increase in taxes, and how that may reflect on Ontario families. We're very concerned that Ontario families are having a difficult time keeping pace with increased electricity costs, increased auto insurance costs, increased taxes, increased costs because of the HST, increased costs of government in general with government raising government revenues more than 73%, while the economy has only expanded about 10%. The consequences of that is to put a lot of pressure on Ontario families, and that makes life very difficult for people who are living on average income, in Ontario or less. All those things create a real problem for Ontario families.

I guess the question that I'm getting around to is that I think those people who are suffering in Ontario and

finding it difficult to make ends meet would be very interested in how much money was actually spent to provide this 7.8% bonus—performance pay; whatever you want to call it—and the 1.9% wage increase, even though there's a wage freeze. You see, people get very confused about that in Ontario. They hear about a wage freeze with a photo op and lots of stories in newspapers, and then they hear that there's not a wage freeze; there are wage increases for all kinds of civil servants. People don't understand the difference between the people who work at our agencies, boards and commissions and a civil servant. They're all the same to the people in Ontario. When you announce a wage freeze, they think that everybody's wages are frozen, including MPPs' wages, ministers' wages. But, in fact, that has proven not to be the case.

We'd be very interested to know how much money has been spent on these performance increases or bonuses and the wage increase that these eHealth people got.

**The Acting Chair (Mrs. Joyce Savoline):** We have about a minute.

**Hon. Harinder S. Takhar:** I hate to say this but I think this information belongs with the Minister of Health and Long-Term Care. It's not information that I have in my ministry that I can provide to you.

**Mr. Ted Chudleigh:** We're going to throw Deb under the bus. She's meeting with them now. Will she have this information tomorrow?

**Hon. Harinder S. Takhar:** I think you can ask that question to her in the House tomorrow.

**Mr. Ted Chudleigh:** But you expect that she's having this meeting this afternoon. Certainly a government that was concerned about the expenditures in this area and expenditures in all areas, having the interests of Ontario families at heart—that would be one of the first questions she would ask that board, as to how much money this is going to cost the taxpayers of Ontario and Ontario families.

**Hon. Harinder S. Takhar:** I actually don't have any information on when she's meeting or not meeting but I was told that she has called them—

**Mr. Ted Chudleigh:** Maybe she's not meeting now.

**The Acting Chair (Mrs. Joyce Savoline):** The rotation is over.

**Hon. Harinder S. Takhar:** No, I said "when."

**The Acting Chair (Mrs. Joyce Savoline):** Thank you, Mr. Chudleigh. Mr. Miller, your 20-minute rotation begins now.

**Mr. Paul Miller:** I guess my first question would be on government services estimates. According to the ministry website, the supply chain management division, SCM, develops and implements an integrated corporate procurement strategy to:

- leverage and optimize government procurement of goods and services;

- identify and implement procurement process improvements;

- enhance procurement controllership;

—provide strategic advice to Management Board of Cabinet on large-scale procurements.

I guess my question would be, can you tell me if there are any buy-Ontario domestic procurement targets in any government of Ontario procurement areas? I know there are some targets for green energy and transit equipment, but are there any other areas?

**Hon. Harinder S. Takhar:** We actually have an ADM responsible for procurement. I think she's dying to answer your question here.

**Mr. Paul Miller:** Dying to? I'm not done yet. She might not be after.

**Ms. Marian Macdonald:** Thank you very much. My name is Marian Macdonald. I'm the assistant deputy minister of supply chain management division.

Ontario's procurement policies are based on a number of requirements, including Canadian commercial law, both national and now international trade agreements, and through those trade agreements are fairly prescriptive on what we can and cannot do within our procurement. The trade agreements ensure that our vendors here in Ontario have equal access to opportunities in other provinces and now in the United States and with the federal government.

We do not have any buy-Ontario targets in our procurement policies, but I can tell you, through the tracking that we do of our vendor community, that our Ontario vendors are highly competitive, and upwards of 90%-plus of vendors doing business with Ontario government ministries today and in the last fiscal year are located here in Ontario.

**Mr. Paul Miller:** Okay. I guess that would be a "no." My question is, why not?

**Ms. Marian Macdonald:** Again, we are subject—Ontario, going back as far as the mid-1990s, signed an agreement called the Agreement on Internal Trade.

**Mr. Paul Miller:** With who?

**Ms. Marian Macdonald:** This is a national agreement that all provinces, territories with the exception of Nunavut, and the federal government of Canada are subject to. It was signed, I believe, in 1994. In that Agreement on Internal Trade it restricts the ability to have geographical preferences in competitive procurement documents so that the marketplace stays open and that our decisions are geographically neutral.

**Mr. Paul Miller:** That's all well and good, but our friends to the south don't seem to respect our laws.

I can give you a perfect example in Hamilton: US Steel. When they signed a deal with the Canadian government, they promised to maintain 3.5 million tonnes of production a year and maintain 3,100 employees. That was part of the federal agreement. They did none of the above. They locked out the employees at Lake Erie, they now have locked out the employees in Hamilton to force the unions into concessions, and they are using American protectionism. They have opened two blast furnaces in Indiana which were closed for four years and shut down the blast furnaces in Hamilton.

So I guess it wouldn't be beyond my comment to say that the internal trade agreement isn't worth the paper it's written on. Not only does the federal government not enforce the corporate agreement that they signed to take over a Canadian subsidiary; they don't even respect our labour laws, they don't respect our contractual laws, they don't respect our internal trade laws. Recently, Mr. Clement came into Hamilton and told us, "Well, the three years is up, the original agreement"—which he did not enforce and did not do anything about—"and now we can't do anything about it."

I think we should be revisiting this internal trade agreement from 1994, because we're getting kicked in the teeth. I certainly believe that there could be Canadian protectionism, Ontario protectionism. The NDP brought forward a bill in this House for 50% Ontario content and also brought a bill forward for 50% buy Ontario, which covered manufacturing goods, it covered—you name it, anything in the province, which would have been our answer to Obama-ism. Frankly, I think our ministries have to take a look at these internal trade agreements and rip them up, because we are getting kicked in the head on more than one area. That's my humble opinion on that one.

As far as buy Ontario, we brought a buy-Ontario policy to this government and they shot it down right in the House. So 50% buy Ontario, 50% Canadian content, shot down by the Liberal government. Wow. How many more people could go back to work, how much of our domestic product and our GDP could be protected by revisiting these internal agreements that your ministry and the Ontario government signed? So that really upsets me. It's not worth the paper it's written on. Anyway, another rant. Thank you for your explanation. I knew I would end up—that it wouldn't be so pleasant at the end.

1710

Anyway, my next question: "ServiceOntario is modernizing its service delivery network to improve service access and quality, and reduce wait times. It is integrating services and consolidating locations so more Ontarians will be able to do 'one-stop-shopping' for licensing and registration services. Aligned with the ServiceOntario program and corporate I&IT program, the government services cluster provides strategic advice and cost-effective technology solutions for ServiceOntario and ministry partners in implementing key businesses objectives as well as modernizing government services via public-facing online applications."

I guess my question to the minister: I'd like a status report on that. I'd like a hard copy report on how successful you've been with your new process, and, if possible, I'd like the information on all areas to be given. You must have a track record.

**Hon. Harinder S. Takhar:** "All areas" means?

**Mr. Paul Miller:** "All areas" means ServiceOntario.

**Hon. Harinder S. Takhar:** Like all the services that we provide?

**Mr. Paul Miller:** Yes. You've obviously started a new program, and I'd like to know how well you're doing.

**Hon. Harinder S. Takhar:** I think the DM can probably provide you some of that information right now.



**Mr. Bob Stark:** I'd be happy to.

**Mr. Paul Miller:** I just knew you would.

**Mr. Bob Stark:** I'm Bob Stark, deputy minister and chief executive officer for ServiceOntario.

I touched upon a bit of this yesterday, but I think what I'd highlight is that over the past year we have created almost 300 one-stop locations across the province where citizens can go to one location and get the routine services that we offer in all of those locations: a significant improvement in access for health card renewal, for example. That's moved from 27 locations to almost 300 locations; driver and vehicle licensing, from 265 to almost 300 locations. Of course, technology has helped enable that for us.

To complement that, we have introduced a location finder that you can go to online on our website, or you can use a mobile smart phone device to find out what services are provided at what locations around you if you're using a mobile device, what hours we're open and so on. So it helps from an online perspective directing customers to appropriate—

**Mr. Paul Miller:** So my GPS will find the location, will it?

**Mr. Bob Stark:** If you use a smart phone, your GPS will—

**Mr. Ted Chudleigh:** Not while you're driving.

**Mr. Paul Miller:** Not while I'm driving, though.

**Mr. Bob Stark:** No, not while you're driving. But it will tell you all of the locations around you and you can look at information on any one of those.

From a technology perspective, this past year in our newborn registration area that allows new parents to go online to register the birth of their child and request a birth certificate and a SIN card, we added the capability this past year to also apply for child tax benefits at the federal level, so it's a nice package that helps new parents deal with many elements of government interaction at both the federal and provincial level.

We have introduced yet another money-back service guarantee. It's our eighth money-back service guarantee and it's for requesting, through ServiceOntario, publications and printed material. We guarantee a turnaround to deliver it to your home.

We introduced a little bit over a year ago a 1-800 number for businesses that consolidates about 160 different telephone numbers at the federal and provincial level—

**Mr. Paul Miller:** Rather than make you go through the whole list, you could just give it to me in hard copy. I certainly appreciate the response.

**Mr. Bob Stark:** Thank you.

**Mr. Paul Miller:** Thank you.

The next question: I believe the Advertising Review Board falls under your ministry. It says here in your report that the Advertising Review Board was a lead supporter—I'm assuming financially—and one of the sponsors of the Leading Social Change: Ideas, Tools and Inspiration conference, which highlights social marketing programs in Canada and around the world. The conference was held in January 2011, during the national

Advertising Week. Do you feel, in your opinion, that it is appropriate to spend tax dollars on conferences, for the Advertising Review Board to be a lead supporter—and I'm assuming it's a fair bit of money that went into that. Do you feel that, due to the financial climate in our province and the amount of people out of work and the amount of job losses, accompanied by some of the health scares and financial trauma that my community especially is feeling, we should be sponsoring Advertising Week and a conference? Do you think that those are appropriate expenditures for the ministry?

**Hon. Harinder S. Takhar:** In my opinion, the Advertising Review Board has been very effective in getting the best value for taxpayer dollars. They have combined advertising and government and they have gotten tenders from outside to get the best value for our taxpayer dollars. But for this particular issue, I think I'm going to ask the DM, because he may be more thoroughly familiar with this and can talk about it.

**Mr. Paul Miller:** When you do answer, Deputy Minister, would you also give me some documentation to accompany the success story of the national Advertising Week and all the tenders I believe the minister mentioned that he got out of that week or that weekend, whenever the conference was. I'd be very interested to see what kind of deals were signed for the benefit of the people of Ontario. He did mention that.

**Hon. Harinder S. Takhar:** I actually said that overall, this is what they have done—

**Mr. Paul Miller:** That's not what you said.

**Hon. Harinder S. Takhar:** No, that's what I said. If I didn't say that, let me just clarify.

**Mr. Paul Miller:** All right, correct it, then.

**Hon. Harinder S. Takhar:** I said that overall, the Advertising Review Board has done a very good job to get the best value for taxpayer dollars. They have combined the advertising to get the best value for taxpayer dollars. They have tendered the advertising outside to get the best value for dollars. I did not say that that happened that week.

**Mr. Paul Miller:** So, Minister, what you're saying to me, then, is that it was money well spent. Is that what you're telling me?

**Hon. Harinder S. Takhar:** I was talking to you—

**Mr. Paul Miller:** I just asked you a question. You just said it was good; you got tenders and you got all kinds of good stuff out of it. I'm just asking you: Was it good spending taxpayers' money for a conference at the national Advertising Week?

**Hon. Harinder S. Takhar:** I said I was talking about the overall role of the Advertising Review Board, but the details of this particular question, the DM can answer for you.

**Mr. Paul Miller:** Okay.

**Mr. Ron McKerlie:** I don't know what you're looking at.

**Mr. Paul Miller:** I'm looking at your booklet.

**Mr. Ron McKerlie:** Whereabouts?

**Mr. Paul Miller:** I don't know. It's got Roman numerals here; I haven't got a page number. Where is it? I don't have any page number. I guess page V.

**Mr. Ron McKerlie:** Thank you, I've found it. They have a very modest budget, and it has been flatlined, so if they're spending money it has to be a reasonably small amount. I don't know how much it costs. We'll get back to you with how much it costs—

**Mr. Paul Miller:** And all those wonderful contracts we picked up that weekend, too, I'd like to see.

**Mr. Ron McKerlie:** I don't know what contracts they picked up.

**Mr. Paul Miller:** Well, he mentioned it.

**Hon. Harinder S. Takhar:** I didn't say that.

**Mr. Paul Miller:** You said "tenders." That means contracts.

**Hon. Harinder S. Takhar:** I said they tender out to get good advertising rates. I don't know where you—

**Mr. Paul Miller:** Good advertising rates? Now it's changed. Okay. Show me the rates, then.

**Hon. Harinder S. Takhar:** I don't know how you keep combining these things.

**Mr. Ron McKerlie:** I think it's tender from a different perspective.

**Mr. Paul Miller:** It's right there in black and white.

**Mr. Ron McKerlie:** I will look into it to see what it costs.

**Mr. Paul Miller:** Thank you. I'd appreciate that. That's it for me. Thank you, Chair.

**The Acting Chair (Mrs. Joyce Savoline):** You're ticking along. Are you finished?

**Mr. Paul Miller:** I'm finished.

**The Acting Chair (Mrs. Joyce Savoline):** Okay. You left five minutes on the clock.

**Mr. Paul Miller:** It's a bonus for anyone who would like to jump in.

**The Acting Chair (Mrs. Joyce Savoline):** The rotation goes to the government side again.

**Mr. Bob Delaney:** Chair, I ask again for unanimous consent that the government stand down its turn in the rotation and allow that time to be deducted from the pool. The other two parties can continue from here.

**The Acting Chair (Mrs. Joyce Savoline):** Okay. That means that we technically have almost 40 minutes left in the meeting, and we can divide that time, because there's still time on the clock for this ministry.

**Mr. Ted Chudleigh:** So we get 20 minutes.

**Mr. Paul Miller:** I'm standing down my 20 minutes, too. So if the official opposition wants to go 20, we've got 20 left.

**Mr. Ted Chudleigh:** Why don't we wander along and see what we use of that time.

**Mr. Bob Delaney:** Just before we go, I just want to confirm that we have unanimous consent that the government stand down its 20, that that 20 be deducted from the pool—

**The Acting Chair (Mrs. Joyce Savoline):** It is.

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**Mr. Bob Delaney:** Okay, that's good.

**The Acting Chair (Mrs. Joyce Savoline):** That is happening. Could you just wait a minute, Mr. Chudleigh?

**Mr. Ted Chudleigh:** I see in the paper today that the Minister of Finance is talking about—

**The Acting Chair (Mrs. Joyce Savoline):** So it's about 40 minutes left in the meeting, and you want to take your 20. Is that correct, Mr. Chudleigh?

**Mr. Ted Chudleigh:** That's correct.

The Minister of Finance is quoted as saying, "We're not going to be funding any increases beyond zero and zero." Yet on eHealth, he's obviously going to be funding something beyond zero and zero; he's going to be funding an almost 10% increase to most of the employees who work for eHealth.

The deputy minister indicates that any contract—honouring the contracts that are in place in Ontario. If the OLG contract has bonus clauses or performance pay clauses in it, they will also be receiving increases. Do I understand your remark correctly? Is that what you said today?

**Mr. Ron McKerlie:** No, I didn't talk about bonuses at all because we don't have a bonus—

**Mr. Ted Chudleigh:** Performance pay.

**Mr. Ron McKerlie:** Performance pay, the way it works is a portion of your total compensation is put at risk. What you're reading about eHealth is the payment of that at-risk portion. That doesn't mean it's new compensation; it might be what was paid out in a previous year, for example. It doesn't necessarily mean that costs go up appropriately.

**Mr. Ted Chudleigh:** With all due respect, Ontarians see that as a 10% bonus. I think, in effect, that's what it is: They're being paid beyond the level of their contract, their minimum pay. In a wage freeze, that's what you would expect to receive: your basic pay structure.

We saw yesterday morning that the OPP have received a 5% increase with a two-year wage freeze following and another 8%, I think, at the end of that two-year period. But they're not receiving a pay freeze. The deputy minister's comments that we're not going to be funding any increases beyond zero and zero would indicate to me that either he's not informed or he's misleading the public with that statement.

Given that other agencies have performance clauses in their contracts, we can expect to hear that they also would be receiving more money in compensation next year than they received in compensation this year. Would that be an accurate statement?

**Mr. Ron McKerlie:** No, not at all. It wouldn't be an accurate statement. If \$100 is your total compensation, \$93 could be paid out in salary and \$7 could be paid out in your pay for performance. That could be the same next year exactly, so the total compensation cost to the government is the same.

**Mr. Ted Chudleigh:** But it could be \$10 instead of \$7, if the performance clause warranted a higher rate; is that not correct?



**Mr. Ron McKerlie:** Payouts actually have been going down, not up. It saved us about \$18 million over the last year versus the previous year.

**Hon. Harinder S. Takhar:** Can I just add a little bit to this? This is the same pay for performance that was implemented in 1996 by your government. It's the same pay for performance. In 1996, it was meant for senior managers. In 2001-02, it was expanded to include other managers.

What the deputy minister is saying is the total compensation, year to year—actually pay for performance, in fact, has been reduced. Right? In total, the compensation has been reduced. How it affects the employees: It basically depends on what kind of performance they have, how it gets divvied up.

**Mr. Ted Chudleigh:** Does ServiceOntario have any bonus programs or pay for performance part of their wages?

**Mr. Bob Stark:** We follow the standard OPS guidelines.

**Mr. Ted Chudleigh:** And you mentioned that there are 300 service outlets now for ServiceOntario.

**Mr. Bob Stark:** Almost 300, yes.

**Mr. Ted Chudleigh:** Does that include the ones I refer to as the independent franchises?

**Hon. Harinder S. Takhar:** Yes, 200 of them are private.

**Mr. Ted Chudleigh:** Two hundred are private, and almost 100 are government-run?

**Hon. Harinder S. Takhar:** A hundred are the government, and the 200 private are basically paid based on the number of transactions they do.

**Mr. Ted Chudleigh:** You mentioned that they're included on your website and you can find them on your GPS in easy form. When you're not driving, you can look it up. Are the independent franchisees included in the website locations?

**Mr. Bob Stark:** Yes, they are. Any ServiceOntario outlet is included.

**Mr. Ted Chudleigh:** Are the independent franchisees being given a broader spectrum of services other than just driver's licences, as they've had in the past? Are they getting the full line of services that you would get in a government office of ServiceOntario?

**Hon. Harinder S. Takhar:** Yeah, let me just try this, and then the deputy minister can fill in. Actually, most of the ServiceOntario locations have now been expanded to provide some health care services—whether they are public or private—like issuing the health card. They're also providing other services as well. So they are providing not just the driver's licences or the car stickers, but they are providing other services as well.

**Mr. Bob Stark:** That's correct. The privately run offices do the core, high-volume, routine transactions that ServiceOntario offers to the public.

**Mr. Ted Chudleigh:** You can't do deed searches or property searches in the franchisee stores, or could you?

**Mr. Bob Stark:** No, you cannot. Those are either done online—

**Mr. Ted Chudleigh:** You can do those in ServiceOntario locations—government-run—no?

**Mr. Bob Stark:** You can do them in our land registry offices, yes.

**Mr. Ted Chudleigh:** That are part of ServiceOntario?

**Mr. Bob Stark:** Correct.

**Hon. Harinder S. Takhar:** At some locations.

**Mr. Bob Stark:** At some locations. We have 54 land registry offices.

**Hon. Harinder S. Takhar:** Out of 300, yes.

**Mr. Ted Chudleigh:** Have you done a cost comparison between the cost of running a ServiceOntario government-run office compared to a franchisee's office?

**Mr. Bob Stark:** No, we have not done a comparative cost.

To put that in context for you, we have just finished the completion of rolling out our 300 locations. That is just freshly finished. The organization, frankly, is still going through a learning curve. We've trained quite a number of people in the different services that we offer. As you would expect, people go through a learning curve. The efficiencies are not—they continue to get better, day by day, but they're not—

**Mr. Ted Chudleigh:** Would it not be a prudent management process to see whether the service could be delivered on a more cost-effective basis from a franchisee as opposed to a government-run operation before rolling out almost 100 locations?

**Hon. Harinder S. Takhar:** Let me say, I think—first, we had the government offices already there, right? It's not that we are rolling out government offices. The government offices did exist. We provided health card services—

**Mr. Ted Chudleigh:** That's not true, Minister.

**Hon. Harinder S. Takhar:** No, no; we provided some health card services already. What we have done is—

**Mr. Ted Chudleigh:** Well, the one in Milton is brand new.

**Mr. Bob Stark:** The situation in Milton is that we were in the courthouse and we were asked to relocate. We took the existing location and moved it into Milton in a new location, but it was an existing operation.

**Mr. Ted Chudleigh:** But you expanded the service, then, in the Milton location to include driver's licences?

**Hon. Harinder S. Takhar:** Yes.

**Mr. Ted Chudleigh:** Was that an expanded service? That service wasn't available in the courthouse before?

**Hon. Harinder S. Takhar:** But all offices, more or less, provide the same services now, right? More or less, they provide the same services, whether they are private or public, except where the land registry offices are; they are in certain locations. But most—

**Mr. Ted Chudleigh:** But you're telling me you don't know whether it's more cost-effective to deliver it in a government-owned operation or whether it's more cost-effective to deliver it from a franchisee's services?

**Hon. Harinder S. Takhar:** I think if you look at our recent budget, we said we are going to look at all the

services that are being provided and see if they can be provided more effectively.

**Mr. Ted Chudleigh:** Don't you think it would have been prudent to do that before you expanded by 100 service locations?

**Hon. Harinder S. Takhar:** But then you would be saying, "The other 100 offices you are closing; those employed, you're paying them severance pay." You know, it's one way or the other. You get criticized; it doesn't matter what you do. But these offices are very effective. I think some of the feedback that we're getting from our government offices and private offices, from my point of view, is incredible. This is a huge, huge improvement from the way the services were provided before.

**Mr. Bob Stark:** If I might also share, not only did we create 300 one-stop locations, which dramatically improved access to our services, but it will operate at a lower cost—\$6 million a year less than the historical. So it is more efficient, better service. Customer satisfaction has improved; 97% of the customers who deal with our offices are satisfied or very satisfied with the service experience.

1730

**Mr. Ted Chudleigh:** Are they open Saturdays?

**Hon. Harinder S. Takhar:** They are open, actually, during the weekdays in the evenings. Also, they will be beginning to be open on Saturdays, depending upon the needs and requirements—

**Mr. Ted Chudleigh:** Because the franchisee operations, I think, are open Saturdays—at least Saturday mornings; sometimes all day Saturday.

It's interesting; I don't have access, of course, to the dollars and cents of the situation, but I do notice that the franchisee location in Milton is very busy; there's always somebody in there. You can shoot a cannon off in the government one, so obviously your service is very high there, because nobody's there.

**Hon. Harinder S. Takhar:** That's not my experience. I have been to that centre.

**Mr. Ted Chudleigh:** Well, I drive by it many, many times during any given week, and I've been in it several times, and there's never anybody there. But the one downtown is very, very busy.

**Hon. Harinder S. Takhar:** If you go to the Mississauga government office, you will see people sitting there.

**Mr. Ted Chudleigh:** I would like to see the cost comparison between the two. I don't know how the government can expect to deliver at a cost that is less than a franchisee operation, because it would appear to me to be so much more efficient.

Let's go back to eHealth. That seems to be the favourite subject today, and it would be nice to finish off with that. I'm sure you have some more information to give on that subject. Minister, if I read between the lines on what you've said, I think that you are very concerned about it. The statement that you've read ad nauseam into the record would indicate that you expect the spirit of the law

to be upheld, even though the OPP contract that was just signed doesn't seem to live up to that spirit. But there you have it: The Minister of Finance can do things beyond the spirit, I suppose, but he expects those below him to live to that spirit.

Reading between the lines on that, I would say that you think that this bonus pay that the eHealth people have received is wrong—I would suppose you also feel that the 5% increase that the OPP received is wrong. You seemed to indicate that it won't be supported, and therefore it would be rolled back. If you don't support it, obviously you would hope to have it rolled back, and that would certainly be in keeping with the spirit of the wage freeze. You don't seem to know how much money was spent on the process, because you've said that it's not your responsibility, and that it's either the Minister of Health or the Minister of Finance or somebody other than you who is responsible for this debacle.

Do I summarize that in what is a reasonable way?

**Hon. Harinder S. Takhar:** What I said is on the record, so you don't need to read between the lines. I basically said that I absolutely expect all agencies, including eHealth Ontario, to adhere to the rules around compensation restraint. Our government was very clear about our expectations. The Minister of Health is meeting with them to find out exactly what happened. That's what she's doing right now.

**Mr. Ted Chudleigh:** So she's meeting with them today, and—

**Hon. Harinder S. Takhar:** I didn't say today.

**Mr. Ted Chudleigh:** You said "right now." That's today. This is the 18th—

**Hon. Harinder S. Takhar:** Okay, let me clarify. She's going to meet with the CEO and the chair of the eHealth board to get a full accounting of this. I don't know when she's meeting.

**Mr. Ted Chudleigh:** Well, since your government is handing out 5% pay increases and newly negotiated contracts to some people, do you hold out any hope that these wage increases will be rolled back?

**Hon. Harinder S. Takhar:** I'll let the deputy answer you on the OPP issue so that he can explain what happened there.

**Mr. Ron McKerlie:** The OPP issue has been mentioned a number of times by different members, and there are a lot of facts being confused. You're talking about two different collective agreements, and you've managed to merge them both together.

When we got into the 2009 round of negotiations, we were seeing police deals being done at 3.3%, 3.45%, 3.75% a year. We did a deal with the OPPA which was 2.34% in 2009, 2.25% in 2010 and 2% for 2011 with a wage reopener. The wage reopener said, "If the other police forces don't follow the trend down, then we will reopen your contract and look at wage increases for the OPP," which is what we did.

The other police forces, sadly, did not follow the trend down. Therefore, the OPP went from their traditional spot as one of the top three of the big 12 to 17th



place in terms of wages. We then met with them last summer. We negotiated a new agreement which pays them 0% in 2012 and 0% in 2013, and then we're hoping for a modest increase in the final year, in 2014, if, again, the other police forces start to negotiate lower rates based on two years of zero, which is what we put in there.

The third year says that we will take them back to their normal position as the largest police force in Ontario, which would, at this point, require a payment larger than we had hoped, but the reality is other police forces have not followed suit. The municipal police forces are negotiating higher wage rates than we hoped. But we've got good support from the OPPA, which has worked with us to try to negotiate better agreements to ramp down the wage increases for police forces. But the reality is the OPP is the largest police force in Ontario. They traditionally are among the top three wage earners of the big 12 police forces. Despite two rounds of collective agreements, we haven't been able to get other police forces to negotiate lower rates.

**Mr. Ted Chudleigh:** But you've been unable to do that so far. You haven't seen the other agencies—

**Mr. Ron McKerlie:** We haven't seen a downward trend. Of course, when they're subject to arbitration, we can see settlements that are quite large.

**Mr. Ted Chudleigh:** And other agencies of the government—in your role in the Management Board—you're seeing those contracts keeping pace with OPP contracts, or are there increases in those contracts as well?

**Mr. Ron McKerlie:** What we're seeing, and I think this a good test of how successful the strategy is, is public sector and broader public sector wage settlements coming down. That's good news. If you go back not many years, we had solid strings of 3% deals year after year after year. We're down closer to 2%. We're doing deals with two years of net zero. The goal, of course, is to ramp down the cost of settlements and wage settlements.

There are a number of areas, obviously, and a number of employees who have access to interest arbitration. Those agreements have not come down as we hoped or as fast as we hoped. But overall, we're seeing settlements coming down, and we're seeing more modest demands from the bargaining agents.

**The Acting Chair (Mrs. Joyce Savoline):** You have less than a minute, Mr. Chudleigh.

**Mr. Ted Chudleigh:** Why would the Minister of Finance, Mr. Duncan, say in this article here—it's from the Toronto Star, so I would assume that he's accurately quoted—"We're not going to be funding any increases beyond zero and zero." That's a definitive statement. There are no hedge words. There are no weasel words in there—very unusual, but there aren't. Why would he say that when you're negotiating an open-ended 5% increase for the police, that they're going to be one of the top three highest-paid police forces in Ontario, regardless of what the contract says? Why is the Minister of Finance making those statements? Do you have any idea?

**The Acting Chair (Mrs. Joyce Savoline):** Very quick answer, please.

**Mr. Ron McKerlie:** I can't put words in the Ministry of Finance's mouth—

**Mr. Ted Chudleigh:** I wish you would.

**Mr. Ron McKerlie:** —but I know the policy has been that if settlements are going to happen outside of the two years of net zero, they have to either fund them from within or they have to find trade-offs with the bargaining agents to cost them.

The 1% that was done in the last year of the OPSEU deal was fully funded with 1.25% of concessions that the union gave up. We got the funding for that 1%; in fact, we got more than the 1% funding.

**Mr. Ted Chudleigh:** Our problem with that one is that it was a secret, that's all.

**The Acting Chair (Mrs. Joyce Savoline):** Thank you. Your rotation is up.

**Mr. Ted Chudleigh:** Lots of secret deals in this government.

**The Acting Chair (Mrs. Joyce Savoline):** Mr. Miller, do you care to take any of your rotation?

**Mr. Paul Miller:** No, I'm standing down on my 20 minutes.

**The Acting Chair (Mrs. Joyce Savoline):** Thank you. We'll go to the government side. Do you care to take a few minutes in your rotation? There's not much time left.

**Mr. Yasir Naqvi:** No, Madam Chair. We stand down our time as well. If time is up, then we ask that we call the vote.

**The Acting Chair (Mrs. Joyce Savoline):** Okay. We will, then, begin to vote.

I will put the question: Shall vote 1801 carry? All those in favour? Opposed? Mr. Chudleigh and Mr. Miller cannot vote.

**Mr. Ted Chudleigh:** No?

**The Acting Chair (Mrs. Joyce Savoline):** No; Mr. Miller, Parry Sound–Muskoka, cannot vote. Mr. Miller, Hamilton East–Stoney Creek, you can vote.

**Mr. Paul Miller:** Thanks.

**The Acting Chair (Mrs. Joyce Savoline):** Okay. Two Millers in the room at the same time is confusing.

So, again, all in favour, please show your hands. Opposed? That carries.

Shall vote 1807 carry? All those in favour? Opposed? That carries.

Shall 1808 carry? All those in favour? Opposed? That carries.

Shall 1811 carry? All those in favour? Opposed? Carried.

Shall 1812 carry? All those in favour? It's not the war, Paul; it's the vote. All those in favour? Opposed? Carried.

Shall 1814 carry? Opposed? Carried.

Shall the 2011-12 estimates of the Ministry of Government Services carry? All those in favour? Opposed? Carried.

Shall I report the 2011-12 estimates of the Ministry of Government Services to the House? All those in favour? Opposed? That carries.

We are adjourned until Tuesday, May 31, at 9 a.m.

*The committee adjourned at 1742.*











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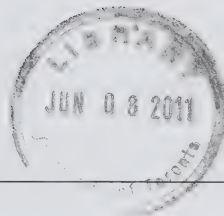
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Second Session, 39<sup>th</sup> Parliament

## Assemblée législative de l'Ontario

Deuxième session, 39<sup>e</sup> législature

# Official Report of Debates (Hansard)

Tuesday 31 May 2011

# Journal des débats (Hansard)

Mardi 31 mai 2011

## Standing Committee on Estimates

Ministry of Finance

## Comité permanent des budgets des dépenses

Ministère des Finances

Chair: Garfield Dunlop  
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## LEGISLATIVE ASSEMBLY OF ONTARIO

## ASSEMBLÉE LÉGISLATIVE DE L'ONTARIO

STANDING COMMITTEE ON  
ESTIMATES

Tuesday 31 May 2011

COMITÉ PERMANENT DES  
BUDGETS DES DÉPENSES

Mardi 31 mai 2011

*The committee met at 0901 in room 151.*

## MINISTRY OF FINANCE

**The Chair (Mr. Garfield Dunlop):** Okay, folks, we'll call the meeting to order. Welcome to Minister Duncan and the staff of the Ministry of Finance. We're here today for the consideration of the estimates of the Ministry of Finance for a total of 15 hours. Now, with the House adjourning, of course, we're not going to get that in at this point.

The ministry is required to monitor the proceedings for any questions or issues that the ministry undertakes to address. I trust the deputy minister has made arrangements to have the hearings closely monitored with respect to questions raised so that the ministry can respond accordingly.

Before we start, are there any questions from anyone?

We will commence with vote 1201. We will begin with a statement of not more than 30 minutes by the minister, followed by statements of up to 30 minutes by the official opposition and the third party. Then the minister will have up to 30 minutes for a reply. The remaining time will be apportioned equally among the three parties.

Now, ladies and gentlemen, because of some problems with scheduling tomorrow, we will end estimates today at 6 o'clock tonight, so we'll try to keep on schedule.

On your second rotation of the 30 minutes, Minister, if you don't use the full 30—I know a lot of ministers can use the full 30, but some go into questions and answers directly, and that would mean that the rotation would start back into the official opposition, the third party and then to the government. Okay?

**Hon. Dwight Duncan:** Okay.

**The Chair (Mr. Garfield Dunlop):** With that, Minister, welcome, and the floor is yours for the next 30 minutes.

**Hon. Dwight Duncan:** Thank you, Mr. Chair, and good morning. I want to thank the members of the Standing Committee on Estimates for the opportunity to speak to you today.

This past weekend, the PC Party released their platform: a series of 229 promises that were focused on getting them elected rather than governing.

There's no clear plan. It's a party with a history of hiding things. They hid a \$5.5-billion deficit last time they were in power. Now, in their new platform, they

have a hole that's more than \$10 billion and they won't say how they're going to fill it, other than to say, of course, waste and efficiencies, as if the \$70 million that will be yielded by eliminating local health networks will get you close to \$10 billion. By the way, that kind of act will let health care decisions in your ridings in Muskoka and Sarnia be made here in downtown Toronto. You don't have to be the finance minister to know it takes a lot of 70 millions to plug a \$10-billion hole.

Instead of putting more police on our streets, the PCs are going to put more criminals on our streets. Instead of hiring more nurses, they will fire them like they did last time. Instead of hiring teachers and keeping our kids in classrooms, they will fire teachers and saddle parents with the burden of scrambling to try to find alternative child care and having to spend money on that child care or maybe having to miss a day at work because they can't find child care. I remember when my son was in school.

Now, as our economy turns the corner on the global recession, instead of creating jobs in a new clean economy, they're going to kill 50,000 jobs.

I would ask the members of the PC Party, how are you going to fill that \$10-billion hole? Will you close hospitals? For instance, would they close Bluewater Health in Sarnia or Lakeridge in Oshawa, or possibly, in Norm Miller's riding, Muskoka Algonquin Healthcare and West Parry Sound Health Centre?

Will they close schools? In Bob Bailey's riding, possibly Rosedale in Sarnia or St. Philip's in Petrolia, or, in Mr. O'Toole's riding, perhaps Vincent Massey, which is in Bowmanville, or Quaker Village, which is in Uxbridge, or again in Mr. Miller's riding, Saint Mary's in Huntsville or William Beatty in Parry Sound?

Our government, by contrast, has a plan that is based on prudence and on fact, a plan that is focused on deficit reduction, a plan that is focused on protecting education and health care, and a plan that we have submitted to the Auditor General for his sign-off as to the veracity of our numbers, something the opposition won't do.

Our tax plan for jobs and growth and the Open Ontario plan, along with the government's continuing approach to prudent fiscal management, provides a solid foundation for supporting the economic recovery and ensuring long-term prosperity for the province. Our 2011 budget builds on the gains Ontario has made in economic growth and job creation.

The Ontario economy is turning the corner after the recession—



**Mr. Steve Clark:** On a point of order, Chair: What does this have to do with estimates, the finance minister making lots of allegations, railing against—

**The Chair (Mr. Garfield Dunlop):** Mr. Clark, this is typical of estimates. They have an opening statement of up to 30 minutes and he can use it accordingly. If he chooses to use it that way, that's his prerogative and you can respond accordingly.

Thank you, Minister.

**Hon. Dwight Duncan:** The Ontario economy is turning the corner after the recession and is now poised for a period of sustained growth. The deficit for the 2010-11 fiscal year is projected to be \$16.7 billion, \$3 billion lower than outlined in the 2010 budget. This is largely due to the fact that program expense for 2010-11 is projected to be \$2.6 billion lower than the 2010 budget forecast.

Over the next two years, the government is projecting to improve on its 2010-11 deficit projections by \$1.7 billion, for a total cumulative improvement of \$4.7 billion over three years.

Beyond 2012-13, the Ontario government remains on track to meet its fiscal targets outlined in the 2010 budget. This includes a \$13.3-billion deficit in 2013-14, followed by steadily declining deficits and a return to a balanced budget in 2017-18.

Now, after criticizing our plan for so long, the opposition party has adopted our fiscal plan and balance date, which is like what they did with the HST. They fought it for so long and have finally—finally—agreed that it's the right thing to do to make our economy more competitive, and they now have acknowledged they will keep it. In the process, somehow they're going to spend more on putting criminals on our streets.

The PCs will reduce revenues by offering some tax cuts and still balance the budget in the same time frame that we have laid out. It looks like a poorly-thought-out attempt to get votes, a reckless rookie mistake.

After the economic downturn, our government put together a responsible plan to strengthen our economy, as well as create and protect jobs. As the recent job numbers from Statistics Canada show, our tax plan for jobs and growth is working. It is helping to create good news for our families. In April alone, Ontario's employment jumped by almost 55,000 new jobs and the unemployment rate declined by 0.2 percentage points.

Jobs in Ontario are coming back at a faster rate than in other jurisdictions in the world. We've now regained 114% of the jobs lost during the recession, 94% of which are full-time. Ontario's real gross domestic product grew by an estimated 2.8% in 2010. The modest but solid pace of economic growth reflects a fundamentally sound domestic economy and continued increases in global demand for Ontario's exports.

I'm also pleased to say that the Ontario government revenues are recovering following the downturn. Revenues are projected to increase at an annual average rate of 3.3% from 2010-11 to 2013-14.

Our government's plan to balance the budget and make the province more competitive is working and getting results. We will take further action to manage expenses, increase productivity and improve service delivery.

Initiatives announced in the 2011 budget and since December 2010 would help realize additional savings of nearly \$1.5 billion across government over the next three fiscal years.

How do these savings compare to what the PCs have projected? We've gone through an extensive process to look at government programs and spending. We've taken some larger steps. We're well on the way to reducing the OPS by 5%, which we announced in the 2009 budget. The 2011 budget undertook the elimination of a further 1,500 OPS positions. All told, these reductions will save taxpayers close to \$500 million. We merged Infrastructure Ontario with the Ontario Realty Corp., which will save \$15 million over three years.

#### 0910

We also looked at some smaller things, smaller things that add up to some pretty big numbers. For example, over the next two years the government will save \$15.6 million by eliminating more than 15,000 printers and computer servers, saving \$8 million—almost a 50% reduction; cutting paper usage by 50%, saving some \$7 million; and reducing the number of office fax machines by centralizing them, saving some \$640,000.

The PC plan shows that they think they'll magically unearth even more savings. Despite the attention to detail and the level of action we have taken, they claim they'll somehow come up with over \$2 billion above and beyond what we've found, just by doing things better. We've seen how the Ontario PCs do better: They cut; they close; they cut people; they cut them loose.

Our government is also establishing the commission on broader public sector reform, which will be chaired by Don Drummond, to examine long-term fundamental changes to the way government works. In our recent budget, we announced that funding for executive offices of transfer payment recipients and agencies will be reduced by 10% over two years. Our government has also reducing consulting expenditures by over 50% since 2003. The PC Party, when they were in power, fired public servants and then rehired them as consultants at a higher cost—sounds reckless to me. I ask the members of that party, "Would you do that again?"

Ontario's tax plan for jobs and growth will help ensure sustained economic growth and job creation by significantly improving Ontario's tax competitiveness. The plan, introduced in the 2009 Ontario budget, provides Ontarians with tax cuts totalling \$12 billion over three years. Our tax package also provides more than \$4.8 billion in business tax relief over three years, which includes reducing corporate income taxes for large and small businesses and eliminating the small business deduction surtax. Our plan is making Ontario a more attractive place for business to invest and create jobs.

When the HST is fully phased in, it will also result in the removal of about \$4.5 billion a year in embedded or

hidden sales taxes paid by businesses, which are passed on to consumers. Ontario businesses agree that the HST is making them more competitive and strengthening business investment. These initiatives were taken at a time when such actions were desperately needed to help Ontario's economy turn the corner out of the global recession.

A report by economist and tax expert Jack Mintz predicts that the reduction in the tax burden on new business investment due to our tax plan and other tax cuts will increase investment in Ontario by \$47 billion and create nearly 600,000 net new jobs by 2020. In fact, a letter signed by 33 prominent economists and business leaders confirms that "the HST will enhance competitiveness, encourage new investment and create jobs. It represents sound public policy."

With the HST, we are creating a tax environment where businesses can thrive, innovate and compete in the global economy while passing along savings to consumers with lower prices. This includes the cut to personal income tax for 93% of Ontario income tax payers, and eliminating it for about 90,000 lower-income taxpayers. We are also supporting our families through tax credits and other benefits, such as the children's activity tax credit, the Ontario energy and property tax credit, the Ontario sales tax credit and the northern Ontario energy credit. These credits all reduce taxes for Ontario families. They all respond to the families' needs to have less financial pressure put on them, and represent creative ways of doing that.

In addition to the measures I've just outlined, on January 1, we introduced the Ontario clean energy benefit to help consumers manage the cost of the transition to a reliable, cleaner electricity system. Over the next five years, the Ontario clean energy benefit will provide more than four million residential customers and more than 400,000 farms and small business with a benefit equal to 10% of the total cost of their electricity bills, including tax. The Ontario clean energy benefit is saving the typical household more than \$150 a year, small businesses will save more than \$1,700 a year, and farms will save more than \$2,000 a year.

The Ontario government is also investing in strong local communities as an essential part of a robust provincial economy. Working in partnership with municipalities goes hand in hand with our plan to improve local services and support job creation in communities across Ontario. In 2011, through the combined benefit of the Ontario municipal partnership fund and provincial uploads, municipalities are receiving more than double when compared to the previous program. The Ontario municipal partnership fund is our main transfer payment to municipalities. The Ontario municipal partnership fund assists municipalities with their social program costs, includes equalization measures, addresses challenges faced by northern and rural communities and responds to policing costs in rural communities. In 2011, we are providing some \$577 million, through the Ontario municipal partnership fund grants, to 372 municipalities.

In addition, municipalities are also continuing to benefit from our decision to upload social assistance benefit program costs. This year, we also completed the upload of the Ontario disability support program and continue to phase in the upload of Ontario Works benefits costs. As a result, municipalities will see savings totalling \$947 million in 2011.

When the uploads are fully implemented in 2018, along with the upload of up to \$125 million a year in court security costs, the net benefit to municipalities will be \$1.5 billion annually. This will ensure that municipal property tax dollars are focused on important local priorities, including modern and efficient infrastructure, economic development and job creation. By 2018, we will have increased ongoing support to municipalities up to \$4 billion annually, an increase of 270% since 2003. I will remind you that the last PC government downloaded those costs and effectively raised property taxes for all property tax payers in this province.

In their current numbers, part of the \$10-billion hole is that they project holding transfers to municipalities even over the next five years, which in my view means they will not be able to continue with the uploads.

During the recent global recession, the Ontario and federal governments worked together to renew economic growth and job creation. We invested in infrastructure, worked together on sales tax harmonization and provided financial support to the auto industry. Thanks to our support, General Motors and Chrysler were able to preserve thousands of skilled jobs in Ontario, contributing to our global competitiveness in the auto industry. These companies increased production by over 50% between 2009 and 2010. Both GM and Chrysler have now repaid their loans to our governments ahead of schedule. Today, GM and Chrysler sales are stronger, and the outlook for the future of auto manufacturing in Ontario is brighter as the industry continues to recover across North America.

Ontario continues to be one of the top locations for the auto and manufacturing sector in North America, thanks to our highly skilled workforce, reputation for quality and innovation, and competitive business environment. These are loans and support that the PC government did not support; in fact, they called it welfare. Our government called it supporting more than 400,000 jobs across Ontario. We call it supporting families and communities that rely on those jobs.

This morning, the Premier is meeting with Sergio Marchionne in Brampton to celebrate the repayment of the Chrysler loans. The money was received, by the way, last week, and as I say, Chrysler's footprint in Ontario remains. The plants in Brampton and Windsor have a solid product mandate, which hopefully will allow them to grow in the future. Mr. Marchionne has assured me personally that they see a bright future for all of their operations in Ontario, and we're glad that we were able to support Chrysler and, of course, General Motors. Their plant in Oshawa—St. Catharines now—again, has a very secure product mandate, a bright future. I had the opportunity to meet with Mr. Akerson, the CEO of General



Motors world, and he sees a very bright future for General Motors here in Ontario.

These are important investments and take a radically different view of the world than the PCs who, again, as I said, referred to this as welfare. It's not welfare. It's about investing. It's about keeping jobs and protecting the footprint, and we're seeing the results of that today. We're seeing the success of those plans today.

0920

We have had probably one of the worst downturns since the Great Depression. We've had to make difficult decisions, and we've had to focus on a variety of issues that were challenging. I'm glad that we now have both opposition parties essentially endorsing our tax plan for jobs and growth, both of them acknowledging, after years, that as difficult as those choices were, the leadership we showed was absolutely the right direction to go.

I was pleased, for instance, over that time, that we were able to work with the federal Conservative government on implementing the HST. They gave us \$4.3 billion to implement it. We took \$300 million of that and gave it to Ontario businesses so that they could convert their computer systems and so on. We gave the other \$4 billion to Ontario taxpayers—I think the final cheque will arrive in their mailboxes the second week of next month—as well as, as I talked about earlier, the very significant income tax cuts that we've implemented.

In 2004, we passed something called the Fiscal Transparency and Accountability Act, which requires the finance minister to submit to the Auditor General his budget numbers in the last budget before an election so that the veracity of those numbers could be put to the test by the Auditor General. We did that because there was a hidden deficit left in the last budget of the PC government. There were plug numbers in the budget, and the deficit had to be restated to \$5.5 billion. I look forward to the auditor's response to our submission. The three major credit rating agencies that we deal with have all maintained our credit rating throughout the downturn.

I had the opportunity last week to meet with large institutional investors in our bonds. That's how we finance our government program. Our bonds are viewed worldwide as among the best. They talk about the flight to quality—large investors—and that's why they're buying Ontario bonds. That's important. When they say flight to quality, they look at the economy and the government's finances. They look at a whole range of factors. They look at our workforce, our education system and our health care system. They take a sophisticated view of the world. They look at investment opportunities literally from around the world, and many of them choose our bonds. It's a tremendous credit both to Ontario and Canada that we are seen worldwide as a very good place to invest, a very safe place to invest. Much of the money that's invested in these instruments represents money that's conservatively invested with an eye to reliability and with an eye to repayment.

I wish every Ontarian could have the opportunity to hear what many of these large foreign financial institu-

tions and others who buy our bonds have to say about our economy. They talk about it being a strong economy. They talk about what they call the Canada brand and how the state of public finance, both federally and provincially, is strong compared to the rest of the world. That's why our bonds sell as quickly as they do. We were quite pleased when Moody's, Standard and Poor's and DBRS again maintained our credit rating—through, again, one of the most difficult downturns in the province's history, certainly since the Great Depression.

So I'm optimistic about the future. As we turn the corner, if we continue to make the right investments, if we continue to take a thoughtful approach to getting back to balance—rejecting the slash and burn, rejecting the hidden cuts of some \$10 billion, ill-defined—and lay out the kind of plan that we've laid out, we will get back to balance.

One of the reasons we asked Don Drummond to chair the commission that we've set up is his approach. In some of his writings, he's rejected the slash-and-burn approach. It winds up costing more. I cited one example where the previous Conservative government had laid off public servants by the thousands and then hired many of them back as consultants at a higher cost. We want to try to avoid that.

We want to get back to balance, and we're moving at a good clip. We have exceeded our targets in the first two years, and we've exceeded them due in large measure to reductions in expenditure. We've had some modest growth in revenues, but we've seen very good expenditure reductions resultant from a carefully laid out plan. It takes time; it takes patience.

We reject the kind of approach that was taken, as I say, by the previous Conservative government. It appears as though the opposition will take a similar approach when they get elected. We reject it. We want to build a better future by continuing to invest in education and health care as we move forward.

I look forward, as I say, to hearing from the auditor in terms of how he sees the numbers we've laid out. There are challenges. Our revenue projections and expense projections vary from year to year. My officials—and I'm surrounded by many of the department of finance officials, represented here at the table by my deputy minister, who epitomizes everything that is good in our public service. There are always variances—when you have a \$125-billion budget, a 1% variance is \$1.25 billion—but I'm confident that the auditor will see and will have positive things to say, and he'll also caution us in terms of the risks that are built in. We've put a lot of prudence into our budget. Again, nobody could predict what happened in 2008-09, so you have to build in that prudence, and I look forward to seeing how things unfold.

I was very pleased to see the GDP numbers for Canada yesterday, which are much higher than projected. Given that Ontario is 40% of the Canadian economy, we won't get our GDP numbers for the first quarter until about 44 days now, but I would think we'll see very similar results. In fact, Ontario, in some quarters over the

last eight quarters, has led Canada. So I look forward to that.

I look forward to an ongoing debate here in this committee over the next several hours, as well as the opportunity to debate these issues between now and October 6 as we show competing plans, competing ideas.

We don't want to set back the clock. We don't want to turn back on the progress we've made. We don't want hidden cuts and hidden deficits. Our opponent's plan is about anger and reckless promises designed to divide us from each other.

Ontario is emerging from the global recession and our economy is turning the corner. We are working to eliminate the deficit without putting vital public services at risk or resorting to arbitrary across-the-board cuts.

The McGuinty government's plan is positioning the province for new opportunities, new jobs and new economic growth. It's about reassessing how Ontario does business and how it can best prepare for a brighter future. It's about maximizing existing resources, including our people, programs and processes, as economic recovery takes root.

Ontario is a strong province with a proud tradition. By working together, we can continue that tradition and build for a better tomorrow.

**The Chair (Mr. Garfield Dunlop):** Thank you, Minister. You had about three or four minutes left if you wanted to use it, but we'll now go to the official opposition. You have up to 30 minutes to make your statement and/or you can go directly to questions to the minister if you wish.

**Mr. Norm Miller:** We'll move directly to questions and pass it on to Mr. Clark here, as I know he has some keen questions he'd like to begin with.

**Mr. Steve Clark:** Oh, I'm keen all right. It was a very interesting presentation to say the least. I'm being extremely kind. When I hear the minister in his first few breaths talk about hiding things, I think your record speaks for itself.

On April 4, Dalton McGuinty was quoted, "A very good predictor of the future is what has happened in the past." Do you agree with that, Minister? It doesn't have to be a hard answer; it can be just a simple yes or no.

0930

**Hon. Dwight Duncan:** I agree. I think the Premier has shown visionary leadership over the last seven years. He has been completely candid with the people of Ontario. Unlike your plan, where you've hidden \$10 billion in cuts, we've never done that. We will continue to expose the holes in your numbers, the reckless approach you're taking. I think the Premier of Ontario has shown the kind of leadership that your leader lacks, and he won't take a reckless approach—

**Mr. Steve Clark:** That's good. I'm glad you agree that a good predictor of your behaviour is what you've done in the past.

A couple of weeks ago, just before we adjourned, I think it was the May 17—

**Hon. Dwight Duncan:** I didn't say that, and I want to step in. He completely misinterpreted my answer.

**Mr. Steve Clark:** Listen, I didn't interrupt him when he was making his—

**Hon. Dwight Duncan:** No, no, I'm not going to allow you to put words in my mouth.

**Mr. Steve Clark:** I did a point of order and you—

**Hon. Dwight Duncan:** You can fudge on your numbers and your plan, but don't try to put words—

**The Chair (Mr. Garfield Dunlop):** All right, guys, hold it here.

**Hon. Dwight Duncan:** I'll fight you every step of the way. I don't disagree with the Premier; I disagree with you and your approach, which is reckless and is going to harm our economy. It's going to cost jobs. It's going to hurt public services. Don't put words in my mouth.

**Mr. Steve Clark:** Chair, come on.

**The Chair (Mr. Garfield Dunlop):** Okay, going to Mr. Clark for now—

**Hon. Dwight Duncan:** I'd like the record to reflect that he put words in my mouth.

**Mr. Steve Clark:** I did a point of order—

**The Chair (Mr. Garfield Dunlop):** Minister, you can respond accordingly in your next 30 minutes. You have another 30 minutes to respond after the third party.

**Hon. Dwight Duncan:** Thirty? Okay.

**The Chair (Mr. Garfield Dunlop):** You can respond to anything you want.

**Hon. Dwight Duncan:** Well, it was a question, though—

**The Chair (Mr. Garfield Dunlop):** Mr. Clark, you go ahead and ask questions.

**Mr. Steve Clark:** Back a couple of weeks ago, just before we adjourned, I remember a quote that the Premier said. He was quoted as saying, "I'm going to promise to keep doing what we have been doing." I guess it's another yes/no: Are you going to raise taxes again?

**Hon. Dwight Duncan:** We've just cut taxes for families and companies. We have implemented a tax plan for jobs and growth. You've now endorsed the HST even though you originally said you would get rid of it; we're glad to see that. We have made record investments in health care and education. We've laid out a plan for getting back to balance. In spite of your criticism of that, you've adopted our date. You've adopted a number of our policies, but you've left a \$10-billion hole—

**Mr. Norm Miller:** Minister, on the HST, on November 7—

**Hon. Dwight Duncan:** Mr. Chair, can I respond? I was asked a question. I haven't finished.

**The Chair (Mr. Garfield Dunlop):** Well, they're allowed to break in on this.

**Mr. Norm Miller:** On November 7, 2007—

**Hon. Dwight Duncan:** Am I allowed to break in on my answers?

**Mr. Norm Miller:** —the Toronto Star wrote: "Dalton McGuinty said he's not interested in harmonizing the PST with the GST ... so Ontarians would pay one sales tax." Now Ontario does have an HST. That's what your leader said on November 7, 2007. You remember that the election happened on October 10, 2007. This is actually



after the election. He said that he wasn't interested in an HST, but then he brought in the HST. Can you explain that?

**Hon. Dwight Duncan:** For the last two years you've opposed it; now you support it. Why did you mislead Ontarians?

**Mr. Steve Clark:** The question was to you.

**Hon. Dwight Duncan:** That's my answer.

**Mr. Norm Miller:** Can you explain why, on November 7, your leader said he wasn't interested in the HST, and then a few months later, he brought in the HST?

**Hon. Dwight Duncan:** You, sir, have misled Ontarians for the last two years. Now you support the HST. Do you want the quotes from the last two years? I'm glad to see you see the wisdom of it. Your federal cousins, who you all supported, gave us \$4.3 billion to harmonize. We've cut personal taxes—

**Mr. Norm Miller:** You said of the Ontario PCs' plan of relief for Ontario families, "Your plan is reckless. It's irresponsible." So you think taking the HST off of skyrocketing hydro bills is reckless and irresponsible?

**Hon. Dwight Duncan:** If you're going to close hospitals and schools, which you will, it is. You've got a \$10-billion hole in your numbers that you can't account for. We'll have more to say about that in the coming weeks and months—

**Mr. Norm Miller:** It's interesting that you had that \$10-billion press release come out before you'd seen the plan.

**Hon. Dwight Duncan:** —but I can assure you Ontarians won't be fooled again by a plan that lacks any credibility.

**Mr. Norm Miller:** So what about home heating?

**Hon. Dwight Duncan:** Will you submit your numbers to the Provincial Auditor?

**Mr. Norm Miller:** What about home heating?

**Hon. Dwight Duncan:** Will you submit your numbers to the Provincial Auditor?

**Mr. Norm Miller:** Is it reckless to take the HST off of home heating as well?

**Hon. Dwight Duncan:** I just want to ask again: Will the Conservative Party submit its numbers to the Provincial Auditor for scrutiny?

**Mr. Steve Clark:** I think it's important that—

**The Chair (Mr. Garfield Dunlop):** They're allowed to break in, Minister.

**Mr. Steve Clark:** Thank you, Chair. I think it's important we put on the record that all you do, Mr. Duncan, is raise taxes. Clearly, with home hydro bills, they're skyrocketing. Taxes continue to go up again. You say one thing before you get elected; you do something else once you get re-elected. What are you going to do? Are you going to raise the HST by a per cent or two after October?

**Hon. Dwight Duncan:** We have just cut personal taxes by \$11 billion—

**Mr. Norm Miller:** No, I'm asking you: You've done it in 2003 and 2007. What are you doing in 2011?

**Hon. Dwight Duncan:** The member is misleading the public with those numbers. That is untrue. It is completely inaccurate, and it's false.

**Mr. Norm Miller:** So you didn't bring in the health tax in 2003?

**Hon. Dwight Duncan:** The people of Ontario re-elected us with a majority government after that—

**Mr. Norm Miller:** You didn't bring the HST in 2007?

**Hon. Dwight Duncan:** We also built hospitals that you closed. We opened schools that you closed. We hired nurses. We do choose to protect our public services. You simply have to acknowledge it, even though you don't want to, and I understand the politics of it.

Some \$11 billion in personal tax cuts: You, sir, voted against every one of those. We now have the lowest tax rate on the first \$37,000 of income. We created the Ontario child benefit, which benefits lower- and more modest-income Ontario families. You voted against that. You voted against taking 90,000 low-income Ontarians—

**Mr. Norm Miller:** We voted against the health tax, the \$3-billion tax increase. We voted against the \$3-billion HST tax increase.

**Hon. Dwight Duncan:** You voted against taking 90,000 off, and you now have a plan that has a \$10-billion hole, that misleads the public—and you're going to be called out on it. People will see through this, just like they saw through it in 2003 and 2007.

We will continue, and I would ask again: Will you submit your numbers to the Provincial Auditor, the way we have, to see how accurate they are? Because frankly, our view is, they're misleading the public—

**Mr. Steve Clark:** Chair, this man has misled Ontarians for eight years. I think you need to come clean today. I think you need to answer the question: Are you going to bring in a carbon tax? Is that part of your hidden plan?

**Hon. Dwight Duncan:** No.

**Mr. Norm Miller:** So does this "no" mean something more than how you weren't going to raise taxes in 2003?

**Mr. Steve Clark:** It means he really, really means it this time, I think.

**Mr. Bob Delaney:** Asked and answered, Chair.

**Hon. Dwight Duncan:** You asked a question; the answer is no. Just like you said that you didn't have a deficit in 2003, you've got a \$10-billion hole now. The people of Ontario will see through it.

What we've laid out is a plan. The auditor is looking at that plan as to the veracity of the numbers. You won't submit your numbers to the auditor. I'm quite willing to stand behind that plan. So no, there will be no carbon tax, and no, there will be no increase in the HST.

**Mr. Norm Miller:** It's interesting that the Liberal press release about Changebook came out before Changebook came out. Somehow, you knew ahead of time about this fictitious \$10-billion hole before you even saw the plan. That's quite amazing, your ability to do that.

**Hon. Dwight Duncan:** It's like a BlackBerry in your front pocket, I guess.

**Mr. Norm Miller:** A pretty amazing story.

Switching gears, you said during the 2010 budget speech that the fiscal plan provides no funding for incremental compensation increases for any future collective agreements—knowing that you'd already signed a deal with OPSEU with 2% increases a year, and then with a secret clause that would provide for an additional 1% increase. Minister, you announced in the 2010 budget that you had a wage freeze in place, yet you knew that you'd signed a secret deal to give a 2% increase to these 38,000 employees and an additional 1% increase. How do you justify that?

**Hon. Dwight Duncan:** First of all, there was nothing secret about that. It was voted on by locals across the province—absolutely nothing secret about that. We actually got a deal—

*Interjection.*

**Hon. Dwight Duncan:** If I may, Mr. Chair, respond to the question, we got a four-year deal of 1.75%, 2%, 2% and 2%, which was before—the member opposite is again being disingenuous and not particularly candid with the people who are watching. That deal was arrived at before the 2010 budget—

**Mr. Norm Miller:** Wait a second. Sorry, you say it's not secret? That is not true. Why is it that it took a labour court—the lawyer called it “secret.”

**Hon. Dwight Duncan:** Then the final point I would make is that we got a number of concessions in exchange, which actually wound up saving taxpayers money. So I would completely disagree with the characterization of the question. It's very disingenuous, just like the \$10-billion hole in their numbers with respect to their platform.

The final point I would make is that we've heard a lot of language around what they're going to do about arbitration, but they were silent on it in their plan. They were silent about their approach to labour unions in their plan.

**Mr. Norm Miller:** The fact that it took a labour board hearing—

**Hon. Dwight Duncan:** They were silent, so I take it to mean that we're going to go back to a period of labour strife—

**Mr. Norm Miller:** Minister, you will let me—

**Hon. Dwight Duncan:** —tens of millions of days—

**Mr. Norm Miller:** You want to blather on.

**The Chair (Mr. Garfield Dunlop):** Okay, it's time that he had his chance.

**Mr. Norm Miller:** Minister, you say that it's not secret. It's unbelievable. It took a labour board hearing, and the lawyer representing the government called it “secret” himself. And you say it's not secret? I have a letter here from the assistant deputy minister, David Logan, to Mr. Brian Gould, the chief negotiator for OPSEU, that's talking about the 1% adjustment that will happen in 2012, after the next election, conveniently, and after they had the deal. This is the sort of thing—and you said there was a wage freeze.

**Hon. Dwight Duncan:** How is it secret? You're holding up the proof.

**0940**

**Mr. Norm Miller:** You said there was a wage freeze, and you're negotiating this.

**Hon. Dwight Duncan:** No, we didn't. We said we were bargaining to zero and zero and not funding.

I would point out, Mr. Chair, that these questions are more appropriately directed to the Minister of Government Services. I am happy to respond—

**The Chair (Mr. Garfield Dunlop):** I think, by the way, they tried to ask him and he wouldn't respond to them.

**Hon. Dwight Duncan:** That wasn't my recollection. You've mischaracterized that. In fact, the minister, I thought, responded candidly.

**Mr. Norm Miller:** We tried to ask a lot of questions to the Minister of Revenue about the HST and she said that you're the one responsible.

**Hon. Dwight Duncan:** Let me be clear: There was nothing secret about that. We have laid out a zero and zero, to the original question. We said we wouldn't fund increases; we're not funding increases.

**Mr. Norm Miller:** Okay, so you said you won't fund increases—

**Hon. Dwight Duncan:** But we are working together with management, with labour, in the public and broader public sectors, and by doing so, we've brought down the average rate of settlement.

Again, I would point out that the member and his party were silent in their platform on these issues, in spite of the rhetoric and the false bravado we see here. What that will lead to, in our view, is a return to the days of back in 2003, when tens of millions of days were lost—

**Mr. Norm Miller:** So you said you won't—

**Hon. Dwight Duncan:** —and public services were threatened—

**The Chair (Mr. Garfield Dunlop):** Minister, we know you're trying to kill the clock too, okay? It's time to ask the question and try to get a response.

**Mr. Norm Miller:** Through you, Mr. Chair—

**Hon. Dwight Duncan:** Mr. Chair, I'm trying to answer questions. I'm not trying to kill the clock. That's simply not fair.

**Mr. Norm Miller:** You talked about a wage freeze—

**Hon. Dwight Duncan:** It's completely unfair. It's a mischaracterization.

**Mr. Norm Miller:** —and you said it applied to the broader public service. These are your words, actually: “The legislation would also freeze compensation structures for all non-bargained employees in the broader public sector and the Ontario public service for two years.” That's what you said in the budget of 2010. Do you stand by those words?

**Hon. Dwight Duncan:** Yes.

**Mr. Norm Miller:** And you say that with a straight face.

**Hon. Dwight Duncan:** It's better than a dishonest face.

**Mr. Norm Miller:** So you stand by that—



**Hon. Dwight Duncan:** If you ask a dumb question, you get a simple answer.

**Mr. Norm Miller:** —but then we find out there was a 10% increase to the eHealth employees.

**Hon. Dwight Duncan:** Why don't you come clean about what you're going to do to public services? Why are you misleading the public here? You're misleading the public.

**Mr. Norm Miller:** Did the eHealth employees get a 10% increase or not?

**Hon. Dwight Duncan:** We've laid out a plan—

**Mr. Norm Miller:** Did the eHealth employees get a 10% increase or not? Or was it just 9.8%?

**Hon. Dwight Duncan:** We have reduced the rate of settlements in the public and broader public sectors.

**Mr. Norm Miller:** So you don't want to answer that question. What about police services?

**Hon. Dwight Duncan:** You don't even know which minister to direct it to.

**Mr. Norm Miller:** Tell me about the wage freeze for police services.

**Hon. Dwight Duncan:** I think our police are worth the money, and we got zero and zero in two years.

**Mr. Norm Miller:** I think the police are worth the money too.

**Hon. Dwight Duncan:** Are you against our police? Are you going to cut their wages?

**Mr. Norm Miller:** No.

**Hon. Dwight Duncan:** What are you going to do? Are you going to cut their wages?

**Mr. Norm Miller:** I'm asking you about—

**Hon. Dwight Duncan:** So you're attacking the police now.

**Mr. Norm Miller:** No, I'm attacking your financial—

**Hon. Dwight Duncan:** You want to put criminals on the street and you want to go after our police. You're going after police while you put criminals on the street.

**Mr. Steve Clark:** You're embarrassing yourself.

**Hon. Dwight Duncan:** No, I'm not.

**Mr. Norm Miller:** You said there was a wage freeze. You announced it in your budget. Did you announce—

**Hon. Dwight Duncan:** We said we wouldn't fund wage increases and we would target zero and zero—

**Mr. Norm Miller:** Yes, you announced it in your budget. You said there was a wage freeze—

**Hon. Dwight Duncan:** —and we have brought down the average rate of settlement.

**Mr. Norm Miller:** So explain to me the police wage freeze, that 5% increase.

**Hon. Dwight Duncan:** What do you have against the police? Why are you attacking the OPP? Why are you attacking the police?

**Mr. Norm Miller:** Are you the Minister of Finance or not?

**Hon. Dwight Duncan:** I certainly am.

**Mr. Steve Clark:** Just explain it.

**Mr. Norm Miller:** Okay, so explain it.

**Hon. Dwight Duncan:** I'm not going to attack the police the way you have. We believe in collective bargaining. We have bargained—

**Mr. Norm Miller:** I'm asking you to explain your wage freeze to the police services. Please just explain it.

**Hon. Dwight Duncan:** Are you going to roll it back?

**Mr. Norm Miller:** You have the floor. Go ahead and explain it.

**Hon. Dwight Duncan:** You've got time to roll it back. Are you going to roll it back?

**Mr. Norm Miller:** I'm asking you to explain your wage freeze.

**Hon. Dwight Duncan:** We bargained it, and it's a good agreement.

**Mr. Norm Miller:** Okay, so what is your wage freeze for the police services? There's a 5% increase the first year, then you have the two-year freeze, and then you have 8.5%—

**Hon. Dwight Duncan:** We have zero and zero.

**Mr. Norm Miller:** —over four years. That makes 13.5%.

**Hon. Dwight Duncan:** We responded to what I would call labour market conditions—

**Mr. Norm Miller:** So is 13.5% a wage freeze?

**Hon. Dwight Duncan:** So you're going to roll it back.

**Mr. Norm Miller:** You were the one who stood up in this Legislature and said there was a wage freeze.

**Hon. Dwight Duncan:** Your numbers are inaccurate, you're misstating the facts, you're misstating the time frames and you're not being candid with the people of Ontario. So I ask you: Are you going to roll that back? And what are you going to do about arbitration?

**Mr. Steve Clark:** He's not going to answer any of these questions, Chair.

**The Chair (Mr. Garfield Dunlop):** Go ahead.

**Mr. Steve Clark:** You want to talk about hiding things. Let me go back to the famous September 11, 2003, pledge that Dalton McGuinty signed, that said, "I, Dalton McGuinty, leader of the Liberal Party of Ontario, promise, if my party is elected as the next government, that I will not raise taxes or implement any new taxes without the consent of Ontario voters." The minute you and Mr. McGuinty grabbed the keys to the province of Ontario, you brought in the health tax.

You said a few moments ago that you're rejecting a carbon tax. Earlier, you sort of said that you didn't favour an HST hike—although I'm not sure the people of Ontario believe you—or some other tax.

You made that statement. The Premier signed the form. The minute you took the keys, you added the health tax. The same thing happened in 2007. Why do you think people won't believe you in 2011? You make a lot of comments about prudence and fact. Those are the facts. You said one thing prior to the election; you said something after.

**Hon. Dwight Duncan:** First of all, again, my original answer has been mischaracterized. (1) We will not put in a carbon tax, and we will not raise the HST. We've said that. (2) When we came to office, there was a hidden

\$5.5-billion deficit. That was borne out by the Auditor General of Ontario. It was a mess that your government had left. We moved to fix it. We did implement the health premium, and I will tell you, two years after that was implemented, the people of Ontario gave us a second majority government.

I guess my question to you is, are you going to take the health premium off?

**Mr. Steve Clark:** No. My question to you—

**Hon. Dwight Duncan:** Well, no. I think that's legitimate. You said—

**Mr. Steve Clark:** No, no, no—

**The Chair (Mr. Garfield Dunlop):** Guys, you've got to quit talking over each other.

**Hon. Dwight Duncan:** My question back is, are you going to take it off? Because your leader said everything was on the table, and one of your members said it wasn't.

**Mr. Steve Clark:** Clearly you don't want to answer the question.

**Hon. Dwight Duncan:** I'm answering your question.

**Mr. Steve Clark:** Clearly you don't want to recognize that—

**Hon. Dwight Duncan:** No to an HST increase; no carbon tax.

**Mr. Steve Clark:** —the people of Ontario, after eight years in office, are seeing through you. They know what you're going to do.

**Hon. Dwight Duncan:** I'm answering, very clearly, the questions, Mr. Chair.

**The Chair (Mr. Garfield Dunlop):** He answered. Go to the next question, please.

**Mr. Steve Clark:** Okay, I will.

**The Chair (Mr. Garfield Dunlop):** I don't want you talking over each other, please.

**Mr. Steve Clark:** Well, he's the one who started his presentation off talking about hiding things and boasting about prudence in fact, and he sounds so Churchillian that he's going to fight us in the streets, you know, he's going to fight us on the beaches.

**Hon. Dwight Duncan:** Streets and corners; I don't want to disturb people on the beach.

**Mr. Steve Clark:** We'll fight your tax increases in the streets any time, sir; no problems.

In terms of the HST, you mentioned earlier—and I think my friend from Parry Sound–Muskoka asked you about your comments calling some of our plans reckless and irresponsible. So again I want to go back to the issue of taking the HST off our skyrocketing hydro bills. So you believe that's reckless and irresponsible?

**Hon. Dwight Duncan:** We have taken more than that off with the Ontario clean energy benefit. That's responsible. That is going to actually lower it more than your plan would. Now, I take it—

**Mr. Steve Clark:** Then I'll ask, Mr. Chair, if I can—

**Hon. Dwight Duncan:** We understand that you're going to eliminate the clean energy benefits.

**Mr. Steve Clark:** —and if you'll allow me to ask him—

**Hon. Dwight Duncan:** Can you clarify that?

**Mr. Steve Clark:** —do you think it's reckless and irresponsible to take the HST off home heating fuel?

**Hon. Dwight Duncan:** We chose to take more off, through the Ontario clean energy benefit.

**Mr. Steve Clark:** So again you use the word “reckless” when it serves you. I'm asking, do you think it's reckless—

**Hon. Dwight Duncan:** I think it's reckless when you leave a \$10-billion hole in your numbers.

**Mr. Steve Clark:** —to take the HST off home heating fuel?

**Hon. Dwight Duncan:** You have a \$10-billion hole in your numbers.

**Mr. Steve Clark:** The question is, do you think it's reckless to take the HST off home heating fuel?

**Hon. Dwight Duncan:** I'm proud—

**Mr. Steve Clark:** It's a very simple question.

**Hon. Dwight Duncan:** I'm proud that we took 10% off—

**Mr. Steve Clark:** You can be proud all you want, sir, but—

**Hon. Dwight Duncan:** I'm proud that we took 10%—

**Mr. Steve Clark:** The question is—

**The Chair (Mr. Garfield Dunlop):** Guys, hold on. We're trying to get this on Hansard, and we absolutely have to quit contradicting each other here. You have to not talk over. So let's have quick questions and quick answers and not—

**Mr. Steve Clark:** Well, I'm not getting any quick answers.

**The Chair (Mr. Garfield Dunlop):** So let's get your question out there now—

**Mr. Steve Clark:** My question is still on the floor.

**The Chair (Mr. Garfield Dunlop):** If you could answer fairly quickly, we'll try to avoid the—

**Mr. Steve Clark:** My question is still on the floor.

**The Chair (Mr. Garfield Dunlop):** Because we're having trouble with Hansard trying to get the questions. Okay, go ahead.

**Hon. Dwight Duncan:** We have taken 10% off of everybody's electricity bill. We're proud of that. We think it's the right public policy response. That member and his party voted against that, and now they're proposing an 8%—they haven't said if they'll put that 10% back on, and that's one of the reasons that there's a \$10-billion hole in their numbers, which will lead, in our view, to closures of hospitals and schools and real challenges for Ontario's public services, which we put a very high value on.

**Mr. Steve Clark:** So, sir, this quote, “My concern about harmonization is we would have to add PST to so many consumer items that are presently exempt,” would be reckless and irresponsible as well? Is that your opinion, yes or no?

**Hon. Dwight Duncan:** We cut income taxes, we have provided the most generous sales taxes in the provinces, so that 93% of Ontarians are paying less in tax, and I'm delighted that Mr. Hudak and the Conservative Party



have endorsed the HST, having spent the last two years criticizing it, and I think Ontarians need to know that.

In laying out the plan they have, they've left a \$10-billion hole in numbers, which will inevitably be met with cuts to a whole range of public services. We've laid out a more detailed plan that I believe responds to the genuine concern Ontarians have with ensuring that we continue to make progress in the areas we've made progress in, in education and health care. I don't think Ontarians want a return to hospital closures, school closures, to laying off nurses and teachers, and our tax plan actually lowers taxes for all Ontarians. And finally, Mr. Chair, I remind the member opposite that his federal colleagues gave us \$4.3 billion and have endorsed the plan quite heartily, because they recognize that there are large tax cuts in it, so that most Ontarians will pay less in overall taxes.

**0950**

**Mr. Steve Clark:** The quote, Chair, through you to Mr. Duncan, was from the Premier back in 2007, before he brought in the HST on essentials like home heating fuel and hydro. I guess the question is, what's more reckless and irresponsible: saying that you won't raise taxes on essentials and then doing it or providing relief from taxes on essentials?

**Hon. Dwight Duncan:** Our tax plan for jobs and growth has lowered taxes for Ontario families and businesses. We've also taken the money that the federal—the federal government, I remind you, gave us \$4.3 billion; we're returning that money to Ontarians directly to help them in the transition to this lower tax environment.

I remind you that I think two years ago now the Conservative Party had an expert witness in here named Jack Mintz on their behalf who has said that our tax plan for jobs and growth will create some 600,000 jobs over the next 10 years. Mr. Mintz has talked about the marginal effect of tax rate on new investment in Ontario being cut in half. We have lowered taxes for Ontario families to accommodate that.

Again, I welcome the support of Mr. Hudak and the opposition in finally acknowledging the HST and supporting its continued existence as we move forward.

**Mr. Steve Clark:** Again, it's an issue of credibility. In the same article that I quoted from, Dalton McGuinty said he wouldn't bring the HST in, and he did. He said he wouldn't bring in the HST on essentials like hydro and home heating fuel, and he did. He also said in that same story that he was musing about increasing the PST by two points because of the GST reduction. It seems like everything he talked about in that story has come true. So again the question is, are you going to raise the HST by two points—

**Hon. Dwight Duncan:** No.

**Mr. Steve Clark:** —just as Dalton McGuinty predicted in the 2007 article?

**Hon. Dwight Duncan:** First of all, what you're quoting is not accurate. You're taking everything out of context. You've refused to acknowledge the broader tax cuts on the income tax side, so I hope the people listening—

**Mr. Steve Clark:** Well, I think the people of Ontario know what you've been up to.

**Hon. Dwight Duncan:** —won't trust you in what you're saying. What they do know is that we've cut personal taxes, we've cut business taxes; 93% of Ontarians will pay less in overall taxes.

I'll just read to you a number of other quotes that—

**Mr. Steve Clark:** No, no, no. He doesn't need to read.

**The Chair (Mr. Garfield Dunlop):** Go ahead, next question.

**Mr. Norm Miller:** What we do know is that you've increased spending 77% and that you have a wage freeze which has been a complete flop. So you have an option and what you've done in the past is increase taxes. You have a proven track record of increasing taxes. You increased them in 2003, you increased them in 2007. We just learned of a new tax yesterday, this \$50-million tax on trades—plumbers and electricians—that they'll be learning about in the next six months or so. You haven't restrained your spending; that's very clear. You haven't restrained spending, so you need more taxes. What is the new tax going to be, or are you just going to surprise people after the election?

**Hon. Dwight Duncan:** I take it the member opposite did not want us to spend \$31 billion on stimulus during the greatest downturn in our history. You'll note that our rate of expenditure increase has gone up about the same as other governments as a result of the downturn.

You called our bailouts of Chrysler and General Motors "welfare" and you didn't support them. Are you telling those families in Oshawa, Brampton, Windsor and St. Catharines that we should have let their jobs go? I don't think you can be trusted in office because you say one thing now and you'll do another thing.

We made strategic investments: Roads are being built, hospitals are being built, schools are being built. We are also bringing down the deficit and we've laid out a clear plan. Your plan will increase the deficit. You've got a hidden hole of \$10 billion which will either increase the deficit or result in deep cuts to public services. Given your record in office, my suspicion and I think the view of many Ontarians is that this will lead to very deep cuts in things like health care and education—

**Mr. Norm Miller:** Mr. Chair, he's just going on. He's giving his usual spiel where he's on his political message about—

**The Chair (Mr. Garfield Dunlop):** We'll call that the end of that answer. Next question.

**Mr. Norm Miller:** He's on his spiel, as I say, about giving this \$10-billion deficit—

**The Chair (Mr. Garfield Dunlop):** Okay, go to the next question then.

**Mr. Norm Miller:** You talk about this fictitious \$10-billion hole; the Liberal Party announced or put out their press release before they'd even seen the Changebook. You say it's reckless to provide relief for families but your spending increases have been reckless—an increase of 77%, this huge hole on track to double the debt of the province of Ontario—and you keep on spending. We

know from the past that the way you covered this increased spending is to increase taxes.

In previous questions, I was asking about your wage restraint. We've learned that at eHealth there was this 10% merit and performance bonus. I guess that's one agency. There's 629 other agencies, boards and commissions. What other deals have you signed with them that are well beyond your wage freeze?

**Hon. Dwight Duncan:** I want to respond with a motion that was voted on in the Legislature—to go back to the member's questions with respect to the carbon tax and the HST—and this was voted on by all of the Liberal members of the Legislature, rejecting the introduction of a carbon tax and rejecting an increase to the HST. That was voted on in the Legislature. I just want to put that on the record.

Our view is that our investments—and do I have to respond to the commentary at the beginning of the question. I don't think hiring nurses is a waste of money. I don't think full-day kindergarten is a waste of money. I don't think the investments we've made in new schools and hospitals is a waste of money.

**Mr. Steve Clark:** Are you proud that you're doubling the debt? Are you proud of that?

**Hon. Dwight Duncan:** I am proud of the fact that our credit rating has been maintained by the three major bond rating agencies—

**Mr. Steve Clark:** One just downgraded—

**Hon. Dwight Duncan:**—which are independent and are not subject to the kind of empty, mindless and reckless rhetoric we're hearing in these questions.

**Mr. Steve Clark:** Empty, mindless rhetoric?

*Interjection.*

**Hon. Dwight Duncan:** No, it was empty, mindless rhetoric—and reckless.

**The Chair (Mr. Garfield Dunlop):** Minister, it's the official opposition's time.

**Hon. Dwight Duncan:** I'm just trying to respond to the question.

**The Chair (Mr. Garfield Dunlop):** You have two minutes to clean up in this 30-minute round.

**Mr. Steve Clark:** Are you proud that, as finance minister, you're going to double the debt? Are you proud of that? Because you said you were proud of a lot of things.

**Hon. Dwight Duncan:** I am very proud of our record. I am very proud of our investments. I'm very proud that we've maintained our credit rating throughout the greatest downturn in history. I'm proud that we were able to stop you in your tracks in 2003 before you created more hidden deficits. I'm proud of our investments in education and health care, and I'm proud of the fact that we are getting back to balance in a prudent and responsible fashion.

I know that most Ontarians understand that the downturn was a global thing and that our debt and deficit, relatively speaking, are where they were at the beginning of the downturn when you compare to other jurisdictions.

**The Chair (Mr. Garfield Dunlop):** Mr. Miller, you have about two minutes left.

**Mr. Norm Miller:** Thank you.

**The Chair (Mr. Garfield Dunlop):** A minute and a half.

**Mr. Norm Miller:** You talked about your stimulus spending. That was supposed to be over two years and it ended up being over three years, but the problem is, you keep on spending and you keep on with your double-digit deficits. Despite that—

**Hon. Dwight Duncan:** Now, your platform said that you're going to—

**Mr. Norm Miller:** Going back to your point about this motion that was voted on, that's like the tripleheader. You said in 2003 that you weren't going to increase taxes, and that was the written statement made before the cameras, signed by your leader, Premier Dalton McGuinty, before the Canadian Taxpayers Federation. Then, in 2007, you just didn't talk about the HST, and now you have this motion that says that you won't bring in taxes. Ontario residents should be afraid because based on your track record, that means it's going to happen. You haven't restrained your spending, so that's all the more reason—

**The Chair (Mr. Garfield Dunlop):** You have about 30 seconds, Mr. Miller.

**Mr. Norm Miller:**—for Ontario taxpayers to be worried that you're going to bring in another tax.

**Hon. Dwight Duncan:** Well, we'll leave that to Ontario taxpayers to cast judgment on. They did re-elect us with a majority government in 2007, after we made difficult decisions to restore fiscal balance, which your party had recklessly laid aside. You left a hidden deficit. You fired nurses and closed hospitals, so we had to fix that. You know what? The people of Ontario endorsed that.

**The Chair (Mr. Garfield Dunlop):** Okay. Minister, that's the end of the official opposition's 30 minutes.

We'll now go, for 15 minutes, to the third party. Mr. Tabuns, you have 15 minutes and then we'll recess for question period etc., okay?

**Mr. Peter Tabuns:** I understand, Chair. Thank you. I will be speaking briefly. France Gélinas will be coming in to take over my duties when I go on to the next press conference.

Minister, you and I disagree on a lot of things. That's not news. I have a few questions for you. We'll see if they yield useful information for both of us.

As you probably know, we've taken a position against the corporate tax cuts. When you came into government in 2003, you reversed the previous government's corporate tax cuts. You said that tax cuts didn't create jobs, that taking money out of important public services wasn't an effective way to spend money, given the deficit. We're facing a much larger deficit now than we were in 2003.

A number of questions: When it's fully implemented in 2013, how much will the reduction in the general corporate tax rate from 14% to 10% cost the treasury annually?

**1000**

**Hon. Dwight Duncan:** I will undertake to get back to you. I want to make sure I have the complete answer for you.



You're right, Mr. Tabuns: We do disagree on that—and your characterization of what we did in 2004 is accurate; I can't dispute that. We laid out a tax plan for jobs and growth, based on the best advice available to us, where we did choose to cut corporate taxes. We also cut personal taxes, created the Ontario child benefit and implemented the HST. The view of the government at the time—it remains our view—is that this tax package will create a more efficient economy and will create more jobs, which will help grow the economy over the next 10 years. For instance, some of the industries that have supported us are the industries that have faced the most difficult challenges in the last few years: the forestry sector, pulp and paper, mining in northern Ontario, the auto sector and a number of others.

So, we do disagree. We believe it's the right policy in terms of creating jobs, maintaining jobs and creating the environment that's necessary, but we also cut taxes for individuals by much more. With respect to the precise amount, I'll undertake to get back to you.

**Mr. Peter Tabuns:** Thank you, Minister. Nothing personal; I have to go to the next event. France Gélinas will take over. I look forward to the debate in the afternoon.

**The Chair (Mr. Garfield Dunlop):** Ms. Gélinas.

**M<sup>me</sup> France Gélinas:** Thank you. Continuing on the line of questioning, how much will the reduction in the manufacturing processor rate to 10% cost the treasury? How much will it cost?

**Hon. Dwight Duncan:** I will get back to you with the specifics on that number.

The overall corporate tax cuts that we have outlined are \$4.8 billion over three years, but our view is that the efficiencies and investment created by this will help offset that. This will also help businesses: I remember your leader talked about manufacturers not being profitable and not paying the tax, so that's a factor as well. This will hopefully help them to make it more profitable.

I think the other thing I would ask you to give consideration to is that we have seen, in the last five or six years, an incredible appreciation in the Canadian dollar, which hurts our manufacturers. We have no ability to influence the cost of the Canadian dollar on international markets. In fact, many economists now argue that the Canadian dollar is a petro-dollar—it's tied to the price of crude oil and so on. One of the reasons we took this step was to help businesses to adjust to that.

Last year, we saw an increase in manufacturing sales of 14%. We're still not to where we were prior to the downturn, and our view, our hope is that this plan will allow for more investment in machinery and equipment—which, by the way, is up—which will make our plants more productive and more efficient and create more jobs.

Again, all of the experts whom we have consulted, including people who are supporters of other political parties, say that this tax plan for jobs and growth will, in fact, create jobs.

**M<sup>me</sup> France Gélinas:** If we look at the small business rate, how much will the reduction in the small business rate to 4.5% cost the treasury?

**Hon. Dwight Duncan:** I will get back to you with a specific number; I don't have it in front of me. But again, that benefits small business, not unlike what your federal party promised to do federally. We believe that a part of the tax package was to reduce the rate for small businesses. Small businesses will also benefit from the HST through the refund of input tax credits.

Taken together, the package lowers taxes for small business; lowers taxes certainly for low- and modest-income Ontario families; and we think it's the right package that will improve the economy, make a more productive economy and lead to new and better investment in the future.

**M<sup>me</sup> France Gélinas:** Okay. But you will give us the numbers?

**Hon. Dwight Duncan:** Yes, absolutely.

**M<sup>me</sup> France Gélinas:** My next question is, how much of the reduction in the general corporate tax rate to 10% will go to the financial sector? And by financial sector, I mean the banks, the insurance companies, the mutual funds etc.

**Hon. Dwight Duncan:** I'll undertake to get back to you on that.

**M<sup>me</sup> France Gélinas:** Okay.

**Hon. Dwight Duncan:** I can tell you this: You've got to look at—for instance, on the HST, banks got hit by the HST. They actually wound up paying more, and I'll show you those numbers. You need to look at the entire package. Then we'll also show what the various economic forecasts are with respect to job creation and so on, because that's what it's about. It's about, again, a tax package that gives us a more efficient tax system, a lower-cost tax system in terms of compliance for businesses, and also lowers taxes for most Ontario families.

**M<sup>me</sup> France Gélinas:** Are you saying that you expect the financial sector to be job creators?

**Hon. Dwight Duncan:** They have been. In fact, in the greater Toronto area, since 2003, I think it's the fastest-growing area. They also pay well nowadays. It's not like it was some years ago. So it's a really growing sector, it's one that we are particularly competitive in worldwide, and it's one that is probably the major employer in Toronto and the greater Toronto area.

**M<sup>me</sup> France Gélinas:** I could discuss that, but anyway, we don't have the stats in front of us, neither one of us.

How much will the elimination of the capital tax cost the treasury?

**Hon. Dwight Duncan:** I'll undertake to get you those numbers as well. The capital tax has been eliminated. I think we're either the last or second last jurisdiction to have a capital tax. Again, we have to stay competitive with Alberta, with British Columbia and with other jurisdictions so that we can continue to attract investment and jobs into our economy. I think we finally eliminated it last year; it was last year that the final piece came off.

Let me reconfirm that, but again, we do have to be competitive in order to attract jobs and investment.

**M<sup>me</sup> France Gélinas:** Of the elimination of the capital tax, how much of it went to the financial sector? I define the financial sector the same way: banks, insurance companies, mutual funds.

**Hon. Dwight Duncan:** I will try to get back to you on that. I don't have the number in front of me.

**M<sup>me</sup> France Gélinas:** Do you figure it's significant?

**Hon. Dwight Duncan:** I think the tax increase that you're contemplating, if you put it back on, would cost a lot of jobs—a lot.

**M<sup>me</sup> France Gélinas:** I'm not talking about a tax increase.

**Hon. Dwight Duncan:** Well, you would be if you put it back on. If you're saying, "Don't take it off," you're saying, "Put it back on."

**M<sup>me</sup> France Gélinas:** No, I'm asking, how much does it cost the treasury?

**Hon. Dwight Duncan:** Your colleague criticized us for doing that seven years ago. You can't have it both ways.

**M<sup>me</sup> France Gélinas:** Okay. I know it's complicated, but can you tell me how the input tax credits under the HST will be implemented? Do different industries have different phase-in schedules?

**Hon. Dwight Duncan:** No. There are certain input tax credits that won't be able to be claimed for several years as we implement. That's not an industry decision; that was a decision of the policy that we set up.

But the way it works is this: Right now, when you purchase something like these glasses, let's say the lens is manufactured by somebody, the little nose protector by somebody else and the handle by somebody else. You pay a hidden sales tax in the old system on all of those. So essentially what happens then is that hidden tax is taken out and given back to the business.

What the experience has been as we've implemented the HST across Canada is that businesses pass those savings on to people. Every study that's looked at this agrees with that. There is disagreement with respect to how long that takes. Some studies suggest it takes under a year; I think one study I've seen says it can take up to five years. All the studies that have been done by very reputable, independent groups suggest that that phenomenon happens, but there is a vigorous debate as to how long it takes for those savings to be passed through.

**M<sup>me</sup> France Gélinas:** But if we come back to the policy decisions that were made by your government regarding the different phase-in schedules, which industries got what kind of phase-in schedules?

**Hon. Dwight Duncan:** It wasn't done on an industry basis. I'll undertake to get back to you with a more complete answer on that, but there is a phase-in of the implementation of the input tax credits.

**M<sup>me</sup> France Gélinas:** Okay. Nothing comes to mind as to what you were looking at at the time?

**Hon. Dwight Duncan:** Well, there were certain things where the input tax credit won't take effect for a period

of time, and I prefer to get back to you. I want to make sure I have the details and the correct answer for you.

**M<sup>me</sup> France Gélinas:** Okay. Is there a table that shows how much different industries will benefit from the phase-in of the input tax credit?

**Hon. Dwight Duncan:** I'll have to get back to you. I don't recall seeing one, but let me double-check.

**M<sup>me</sup> France Gélinas:** Okay. No more questions.

**The Chair (Mr. Garfield Dunlop):** Do you have any more questions at this point? None? As you're in the middle, you've got about—what we'll do is we'll recess now, and we'll come back, and you'll have 18 minutes to go.

**M<sup>me</sup> France Gélinas:** Even better. Thank you.

**The Chair (Mr. Garfield Dunlop):** So we'll come back at 3:45, right after routine proceedings. We're just breaking about three or four minutes earlier than normal. We'll recess until, as I said earlier, 3:45.

*The committee recessed from 1009 to 1619.*

**The Chair (Mr. Garfield Dunlop):** Thank you, Minister—you're back—and everyone from the Ministry of Finance. When we left, the third party had 19 minutes and 21 seconds remaining in their 30-minute rotation. Then we'll go to the minister. He has 30 minutes to respond to any comments here. Then we'll go into the rotations of the three parties until we finish at 6 o'clock.

Mr. Tabuns, go ahead.

**Mr. Peter Tabuns:** Minister, I gather that you responded fairly quickly to my questions when I left this morning—the ones about revenue from tax cuts or revenue forgone. I'd just like to know if your staff have been able to bring forward those responses.

**Hon. Dwight Duncan:** Not by this afternoon. We'll have them as soon as we can.

I would refer you to the 2009, 2010 and 2011 budgets, which contain tables that don't address all of the issues you raised but do address some of them. For instance, on the tax measures for business—this chart is taken from the 2009 budget, and the CIT and corporate minimum tax cuts for 2010-11 are \$520 million; for 2011-12, \$1,000,455,000; for the 2012-13 year, \$1,000,845,000.

The small business CIT rate cut—that is the rate that applies to small businesses in Ontario: \$55 million in the first year, \$180 million in the second year—

**Mr. Peter Tabuns:** Can I just clarify that, Minister? When you say that's the cost of the reduction in the small business rate—

**Hon. Dwight Duncan:** No. This is the forgone revenue.

**Mr. Peter Tabuns:** Yes, correct.

**Hon. Dwight Duncan:** In the first year, on the small business CIT rate cut, \$55 million; in the second year—that's 2011-12—\$180 million; and in 2012-13, \$190 million.

In addition, we had the small business surtax elimination. Again, this benefits small businesses, family businesses: \$20 million in the first year, \$90 million rising to \$95 million. Those are the principal amounts.



In addition, we had small business transition support. Remember, I was referencing the \$4.3 billion that the federal government gave to Ontario to harmonize the sales tax, and the small business transition support was \$400 million. The total in the first year is \$995 million; second year, \$1.725 billion; and the third year, \$2.1 billion.

**Mr. Peter Tabuns:** Okay. One of the questions isn't addressed in that table, and perhaps you could speak to it or have one of your staff speak to it. The reduction in the general corporate tax rate to 10% will go to a variety of sectors. Do you know how much will go to the banks and insurance companies?

**Hon. Dwight Duncan:** I've undertaken to get that to you. I don't have that with me. It will take some time to disaggregate the data.

**Mr. Peter Tabuns:** Would it be possible to have that data within this week?

**Hon. Dwight Duncan:** I don't want to give you that undertaking in case it takes longer.

**Mr. Peter Tabuns:** Okay. The total cost to the treasury of the input tax credits on full implementation—I don't think my colleague was able to get to that question this morning.

**Hon. Dwight Duncan:** One of the questions that was raised this morning that I can give you an answer to—and this was published in 2009—the temporary input tax credit restrictions for businesses: in the first year, \$690 million; in the second year, \$975 million; and in the third year, just a little over \$1.015 billion in temporary input tax credit restrictions. That is, those are input tax credits that we are not putting out because we've delayed the implementation of those restrictions.

**Mr. Peter Tabuns:** So the \$1.015 billion is the total value?

**Hon. Dwight Duncan:** Yes.

**Mr. Peter Tabuns:** Going on, then, to income splitting, something that was asked in question period today—and maybe you've had more time to reflect on it: When the Harper government comes forward with income splitting, is it your intention to mirror that at the provincial level?

**Hon. Dwight Duncan:** Ontario has a decades-long agreement with the federal government to implement and match their cuts of that nature. The government of Ontario, once they see that, has options to claw back that kind of break. It may be that your leader wants to put in a private member's motion or bill to do that, but we do have this long-standing agreement with the federal government. We're trying to track down exactly how old it is; I'm told it's decades. So until we see precisely what's in the federal government's budget, we will have to reserve judgment, other than to say that we do have this agreement.

Again, you may want to have an opposition day where you put a motion, and we can debate it and vote on it, to not match that or to override the agreement we've had with Canada for all these years. But we do have that agreement and, again, we'll wait and see what the feds do.

I should also remind you that, as I understand it, what the federal government's doing won't take effect until 2015, so it's some four years out. It's not like it's going to happen tomorrow, but there will clearly be a revenue impact, should Ontario decide not to match the federal government's proposal.

**Mr. Peter Tabuns:** And this agreement that you reference: Is this a publicly reviewable document?

**Hon. Dwight Duncan:** I believe it is.

*Interjection.*

**Hon. Dwight Duncan:** Yes.

**Mr. Peter Tabuns:** It is?

**Mr. Sriram Subrahmanyam:** A tax collection agreement.

**Hon. Dwight Duncan:** Tax collection agreement.

**Mr. Peter Tabuns:** That's the proper name for it?

**Hon. Dwight Duncan:** Yes.

**Mr. Sriram Subrahmanyam:** It is a public document.

**Hon. Dwight Duncan:** It is a public document.

**Mr. Peter Tabuns:** And can any of your staff tell us where we can access this document?

**Hon. Dwight Duncan:** We'll send you a copy.

**Mr. Peter Tabuns:** If you'll send us a copy, we'd appreciate that.

Has your ministry done any analysis on the distributive impact of income splitting?

**Hon. Dwight Duncan:** We have looked at—let me correct this. I have seen estimates about the impact on the total revenue picture. I don't recall seeing a distributive breakdown of that, but I'll ask my deputy if we've done that.

**Mr. Peter Wallace:** I don't believe we have any such analysis.

**Hon. Dwight Duncan:** So we don't have an analysis.

**Mr. Peter Tabuns:** Do you plan to do such an analysis so that Ontario can make a decision about what it costs and what it provides?

**Hon. Dwight Duncan:** Once we see a specific federal proposal and a federal budget, we will likely look at it. But as I say, I have been briefed on the potential impact that has on our revenues, and it does have an impact on our revenues. We would likely do that subsequent to a federal budget.

**Mr. Peter Tabuns:** Okay. On another matter, then: pensions. Does this government support the pooled registered pension plan concept?

**Hon. Dwight Duncan:** Yes, we do.

**Mr. Peter Tabuns:** Can you tell me what elements you see as making up that concept, and how it would work in practice?

**Hon. Dwight Duncan:** I'm going to refer that—do we have anybody here who can respond to that better than I could? Leslie, can you—

*Interjection.*

**The Chair (Mr. Garfield Dunlop):** Just state your name, please, for the purposes of Hansard. Thank you.

**Ms. Leslie Cooke:** Leslie Cooke, pension policy assistant deputy minister with the Ministry of Finance.

**The Chair (Mr. Garfield Dunlop):** Thank you.

**Ms. Leslie Cooke:** Mr. Tabuns, at a very high level, you may be familiar with a document the federal government released—it was a framework document—on the pooled retirement pension plan. The federal government continues to lead a national conversation on how those high-level principles might be operationalized. There are still, I think it's fair to say, some very significant outstanding policy issues, and we haven't received any specific government direction on how we would proceed. We continue to review the issues with stakeholders.

**Hon. Dwight Duncan:** And if I may, just to complete that, we have said that we support in principle the concept as part of a broader range of options that should be available to Ontarians and Canadians, including an enhanced Canada pension plan.

I was pleased that Ken Georgetti and others in the Canadian Labour Congress have thanked us publicly for our work in keeping the issue alive at the federal-provincial table; it happened in Kananaskis. We will continue to work with them and others.

I'm also pleased—now I'll thank both opposition parties—that on our pension reform legislation, we had unanimous votes, I think, on two pieces of legislation, which represented sweeping reforms to pension regulation here in Ontario. The fact that we were able to achieve consensus among us I think speaks well to the view that Ontarians have about the importance of post-retirement income.

1630

**Mr. Peter Tabuns:** Okay. I'm going to go back in what sounds like relatively limited documents that have so far been put forward. How is this concept expected to work?

**Hon. Dwight Duncan:** Again, we're awaiting more evidence and more information from the federal government. As Leslie said, we've seen it at the 30,000-foot level, really. Essentially, what the government of Ontario has advocated is taking a broad look at post-retirement income because, first of all, most Canadians don't have a pension, and that's regrettable—or most Ontarians don't, other than Canada pension.

You've got to look at not only the public pension but you also have to look at things like old age security and guaranteed income supplements that are offered by the federal government out of general revenues. You have to look at a range of private savings mechanisms,

RRSPs being the most prominent, and whether or not tax deferrals work.

We engaged a lot of research. The federal government engaged research; we engaged research. Interestingly, economists and outsiders working for both governments concluded the same thing, that there's a substantial minority of middle-income Canadians, who are defined as \$40,000- to \$110,000-a-year income, who are not saving adequately for retirement.

Part of the discussion that emanates from that is, okay, if that's the case, then what options do public authorities, public elected representatives, have available to help address that challenge?

Alberta, principally, and the federal government, principally, support private savings mechanisms that are offered by financial institutions and others as being an adequate response. Our government has said that that is part of a response. I forget the figure, but there's some \$900 billion in unused RRSP room. It's a large figure.

**Ms. Leslie Cooke:** Very significant.

**Hon. Dwight Duncan:** It's very significant number. It means obviously Canadians aren't taking full advantage. You have to ask yourself why? Are there other savings vehicles available to Canadians or opportunities that may be available to enhance that, so that more Canadians will be able to save? That's where that particular proposal falls into, and we think that's worthy of looking at.

We, unlike Alberta particularly and to some extent the federal government, support an enhanced Canada pension plan. We've worked with the Canadian Labour Congress. We've worked with CARP and a number of other organizations to, first of all, put the issue on the agenda and then keep it on the agenda, as we did in Kananaskis. Even though it became evident because of the opposition of some provincial governments that they wouldn't support enhancements to the Canada pension plan, we're able to keep it alive.

Finance ministers were scheduled to meet again in June of this year. Because of the federal election I presume, that's been delayed. We have not heard from the federal government as to when they're going to convene that meeting again.

But our government's position on all of these things is look at all aspects of the post-retirement income system—

**Mr. Peter Tabuns:** Can I interrupt for one minute just to go back to the PRPPs. Would provincial legislation be required to implement the concept?

**Ms. Leslie Cooke:** Since provinces have responsibility for overall pension regulation, yes, I think one of the central questions will be one about design. If we are going to have a consistent interprovincial framework, what would that actually look like legislatively, and what role might the federal government play in coordinating that process? I think those are some very significant issues that we'll still need to work through.

**Mr. Peter Tabuns:** And has your thinking gone far enough forward to be able to say who could sponsor one of these plans?

**Hon. Dwight Duncan:** No.

**Mr. Peter Tabuns:** Okay. And have you done any analysis of what portion of the population would benefit from a provincially enabled, pooled RPP?

**Hon. Dwight Duncan:** I haven't seen it. Have we done any of that?

**Ms. Leslie Cooke:** Much of the coverage questions will depend on some of the design features that we're still working through. For example, mandatory versus voluntary employer participation is a very live issue, and how individual employees enter into a plan, whether it's a default in or a default out. Those sorts of questions will have a significant impact on coverage.



**Mr. Peter Tabuns:** So they—

**The Chair (Mr. Garfield Dunlop):** Could you come a little closer to the microphone please?

**Ms. Leslie Cooke:** Sorry.

**Interjection:** Nice try.

**Mr. Peter Tabuns:** We'll all remember the technique for other situations.

You said that the concept they've given you was what you've seen from 30,000 feet. Have they outlined in any broad way how this concept would actually work?

**Hon. Dwight Duncan:** Yes. Again, it encourages employer/employee contributions. I'm not entirely sure yet how it would be spelled out, because we haven't seen that from them yet. But I want to stress that the government of Ontario supports looking at this and supports, in principle, the concept of studying not just enhancements to the Canada pension plan but also looking at a range of savings opportunities that can be made available to Ontarians and Canadians.

**Mr. Peter Tabuns:** Okay. I don't have any further questions on this. Thank you and your staff for the information.

**The Chair (Mr. Garfield Dunlop):** Thank you very much. Minister, you now have up to 30 minutes to respond to anything.

**Hon. Dwight Duncan:** Thank you very much.

**Mr. Peter Tabuns:** That was 18 minutes? Time flies.

**The Chair (Mr. Garfield Dunlop):** Did you say you had no other questions?

**Mr. Peter Tabuns:** On that issue.

**The Chair (Mr. Garfield Dunlop):** Oh, I'm sorry. You still have three minutes. I apologize.

**Hon. Dwight Duncan:** You've got a whack of time left.

**Mr. Peter Tabuns:** Yeah. I know.

**The Chair (Mr. Garfield Dunlop):** I thought you were done. Sorry.

**Hon. Dwight Duncan:** I can say hello in three minutes.

**Mr. Peter Tabuns:** Under the Ontario Securities Act, you have the power to kill the LSE/TMX merger. Will you be using that power?

**Hon. Dwight Duncan:** I'm not sure I agree with your interpretation of the Canadian Securities Act on that. What we have said is that there are regulatory hurdles for both bids that are before us, both the LSE bid as well as the Maple Group bid. There are regulatory processes that are defined. In the case of the LSE bid, they'll have a number of Securities Act regulations that they will have to get by, as will the Maple Group.

As I understand it, the Maple Group will have issues around competition which are federally regulated. The LSE group will have issues around Investment Canada and showing, I think the term is, that their proposal is a net benefit to Canada. I'm not sure I would agree with your interpretation of the act that a provincial government can simply and arbitrarily walk in and stop one bid or another.

**Mr. Peter Tabuns:** We understand from looking at the Securities Act that you have the following power: "The Lieutenant Governor in Council may make a regulation relating to any matter governed by Ontario securities law, despite any other provision of this act." This is section 16(1)(a)—

**Hon. Dwight Duncan:** I'm not sure that that can be interpreted, and again, I would rely—we would obviously have to have clear legal authority and legal opinion. I'm not sure I would give it the same interpretation you just gave.

**Mr. Peter Tabuns:** Are you seeking legal interpretation to see if you have that power?

**Hon. Dwight Duncan:** At this point, we have simply welcomed the two bids and welcomed the fact that there are a number of regulatory processes that both bids will have to go through.

I raised a number of significant concerns that I think need to be responded to by proponents. I think we want to make sure, as we go forward, that the bids are evaluated and put through a process that can be defended and that is neither arbitrary nor ill-defined. As a minister in the government, my advice to the Legislature would be that we be careful about that.

I'm glad that both shareholders in the stock exchange itself as well as Ontarians and Canadians have alternative bids with clearly defined regulatory processes and hurdles that those bids must go through. I think what is incumbent on government is that the processes be clear, transparent and defined, and they are, in my view.

I don't agree with your interpretation of the clause you read. I'm not in a position to offer a legal opinion on that, but I think the processes that are there will yield a good result for all of us.

1640

**The Chair (Mr. Garfield Dunlop):** Okay, that's Mr. Tabuns's time.

**Hon. Dwight Duncan:** Okay.

**The Chair (Mr. Garfield Dunlop):** You can continue on if you want because you have the next 30 minutes, Minister.

**Hon. Dwight Duncan:** I did want to spend a little bit of time talking about our tax plan for jobs and growth and take some members through, I think, some really interesting information.

What I'm about to go through was first published a couple of years ago in the 2009 budget. It was also part of a fall document that was tabled, I think, in 2010 and then re-emphasized in the 2011 budget. I want to take people through this because I think it's important to our understanding of the tax plan and how it actually lowers taxes for most Ontarians.

The first part of the program was creating the harmonized sales tax: We took the old provincial sales tax; we combined it with the federal goods and services tax. I think it's important to remember that the federal government wanted us to do this and gave the government of Ontario some \$4.3 billion to do that.

One of the criticisms from the opposition parties was that this is a tax grab, which is not accurate. I want to just take people through the numbers as they've been laid out repeatedly, not just by government; these have been reinforced by a number of outsiders.

Let's start. The reason detractors of the policy can make those far-fetched claims is that there is, in fact, a different base of the tax. We all know what that means. It means under the old provincial sales tax, we didn't, for instance, charge the sales tax on haircuts. That's one you often hear from people; it's something in their day-to-day lives, and they're right.

The conversion from the old sales tax base to the new base resulted in the following increase in revenues for government: In the first year, 2010-11, an increase of \$1.5 billion; in the second year, an increase of \$2.2 billion. Again, I want to remind members that this was first published way back in 2009 and it has been subsequently published time and time again. In the third year, 2012-13, there was an increase in revenues to the province of \$2.35 billion. So in fact, that is true. We are getting revenue from new sources that we didn't use to.

For the average consumer, what that meant was of everything the average person consumes in a year, there would be about an increase, in terms of things they weren't paying tax on, of about 17%. So about 83% of all purchases that people used to make were covered by both taxes, and that does in fact result in increased revenues for the government. That is what we call the base.

With the help of the federal government—and I can't stress enough how important, first of all, Minister Flaherty calling on us to harmonize the HST was, then giving us \$4.3 billion to harmonize—I can't stress enough how important that was.

Here's what we did in terms of offsetting those increases. First of all, the personal income tax cut: We lowered the rate on the first \$37,000 of income. That affects every taxpayer because, as you know, on your taxes we all pay—well, it affects everybody who pays tax. That resulted in a reduction of \$1.1 billion in taxes in the first year.

We also created the most generous sales tax credit in Canada, and the cost to the treasury of that in the first year was \$560 million; in the second year, it was \$870 million; and in the third year, \$925 million. We then created the Ontario energy and property tax credit. In the first year, the revenue that we are giving back to taxpayers was \$440 million; in the second year, \$430 million; and in the third year, \$600 million.

So the final piece, which is only transitional—this is where the federal government comes in. They gave us \$4.3 billion. We are turning that all back to Ontarians. In the first year, \$2.785 billion has all gone back to Ontarians. In the second year—that's this year—\$1.46 billion is all going back to Ontarians; in fact, they'll get their last payment next month. So that runs out.

In the first year of the HST, we got increased revenues of \$1.5 billion, and we gave back \$4.9 billion in tax cuts and tax credits. In the second year, we will have had

additional revenues as a result of the conversion of the base of \$2.2 billion, and we will give back \$3.9 billion. Again, overall, at the macro level, people are paying less.

In the third year, the number gets smaller because of that transitional benefit which expires this year, so in 2012-13, we project that the additional revenues resultant from the fact that the HST applies to things like haircuts and other things that the old provincial sales tax didn't apply to, we have enhanced revenues of \$2.3 billion versus tax cuts and tax credits of \$2.7 billion.

But that's not the whole story. In addition to that, there are additional tax measures for people, not all of which apply to all Ontarians, and that's why I don't include those in the numbers that you see at the macro level. What we do know is that we have given back more in revenues across a range of tax cuts and tax credits than we have collected through the harmonized base of the sales tax. In addition, we have provided, through the northern Ontario energy credit, \$35 million in the first year, \$30 million in the second year and \$45 million in the third year. The final tax credit I want to mention here is the children's activity tax credit, which gives back \$95 million in the first year, \$75 million in the second year and \$80 million in the third year.

So there's the total of those measures: the first year, \$130 million; the second year, \$105 million; and the third year, \$125 million. What that does, then, is it gives back more taxes to people through income tax cuts and various credits than we take in as a result of the changed base of the HST. That's why the federal government supported it. That's why groups as diverse as the Ontario Chamber of Commerce and the Canadian Centre for Policy Alternatives have endorsed the policy and rejected the opposition claims that this was in fact a tax grab. In fact, we will see less overall revenue as a result of the tax plan.

But it's difficult for people to necessarily relate to that, so let me tell you what it means in terms of incomes—okay?—and how you relate that to somebody. If somebody's annual income—this is household—is between \$4,000 and \$20,000, that's a very low amount of income, obviously, and that affects, interestingly, almost 12% of households in Ontario. The estimated additional HST is \$225 a year and the total tax relief, including all of those things that I just mentioned, is \$730 a year, for a savings of \$510. Now, that is only in the first year. By the third year, the HST impact is \$195, and that's as a result of what we talked about earlier today, the pass-through. The total tax relief we're giving is \$455 million, for a net savings of some \$260 per year for a household of that income. That doesn't take into account the fact that we also took some 90,000 Ontarians off the tax roll completely. That's why anti-poverty groups endorsed the package.

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I can take you through, and I'm going to take you through, a number of other income brackets to show how this works up income levels.

Say the annual income of the household is between \$30,000 and \$40,000. Now, that impacts about 10% of



households. The net savings associated—that is, the increased tax people will pay on that 17% of things they didn't used to pay the provincial sales tax on versus the total tax relief they get—were \$755 in the first year of implementation; and this year, it's a net positive of \$370. In the \$40,000-to-\$50,000 income, the savings in the first year—\$715; the savings in the third year—\$300.

Again, I want to remind you these aren't all my figures; these are figures that have been verified by a number of outsiders, including organizations and groups that certainly aren't supportive and not necessarily even friendly towards the current government.

At the \$60,000-to-\$70,000 income level—and that represents about 7% of Ontario households—the net savings in the first year of the plan were \$595 per household. The net savings by the third year out will be \$125.

When household income rises to \$80,000 to \$90,000 a year, which is about 6% of Ontario households, the net savings the first year were \$545, and in the third year or when final implementation is done, including the last of the transition payments, they're still paying about \$35 a year less.

Once you get above that level—if, for instance, the household income is between \$150,000 and \$300,000 a year, we estimate—and again, these numbers have been verified by a variety of groups—the net cost in this case would be \$230 a year. So if your household income is \$330,000 a year, according to the economists and the experts, the net cost will be \$230. That's why we can only say that 93% of Ontarians will pay less in overall taxes.

I think that's important to understand because that's one of the things that hasn't been well understood.

A few years ago, Jack Mintz appeared before the Standing Committee on Finance and Economic Affairs. He was an expert called by the Conservative Party at the time. I've had the chance to meet with Professor Mintz on a number of occasions; I had the opportunity to discuss and in fact debate some of his views on issues. I think it's fair to say that he's a fairly right-wing economist. He's a very conservative economist. Based on his estimates and looking at our entire tax package, he talked about creating some 600,000 net new jobs. Again, this was the Conservative Party's expert.

Of course, the federal government, who urged us to implement the HST and gave us \$4.3 billion to do so, uses Professor Mintz a lot. In fact, when we were talking earlier about pension issues, I spoke of the two economists with different points of view. Professor Mintz is one of them. He did work for the federal government. We had Professor Baldwin do work for us.

As Hugh Mackenzie of the Canadian Centre for Policy Alternatives said—earlier today in the Legislature, we had the opportunity to pay tribute to his father, a great NDP member for Hamilton who was a labour critic. I was telling Peter Tabuns that I was a young special assistant to the Minister of Labour when he was the labour critic, and I can tell you I had many long nights and early mornings in the office as a result of Mr. Mackenzie's work on behalf of working people across Ontario.

Hugh Mackenzie and the Canadian Centre for Policy Alternatives—the title of their paper was Not a Tax Grab After All—and it isn't. In fact, the kind of relief that we have put forward—I took you through the numbers, and we'll have more to say about those numbers as we move forward—in fact, it's not.

I think that's why both opposition parties now endorse the tax plan. I think that's why they're keeping it in place. It's pretty hard. If the federal Conservative finance minister, who was a provincial Conservative finance minister, tells you to do something and gives you \$4.3 billion to do it, it's pretty hard, if you're an Ontario Conservative, to stand up against him. The current foreign affairs minister voted in favour of this. He sat here. In fact, I must tell you that I was very proud of him. He has done very well. He's Canada's Minister of Foreign Affairs. I had the distinct challenge of dealing with him when I was the government House leader and he was the opposition whip. He was, I can tell you, a very aggressive member, as most people know. But he voted in favour of that and said it's the right thing to do.

I think of Tony Clement, who we served with for many, many years in this House. Tony and I were both elected in 1995, and he became the parliamentary assistant to the Minister of Citizenship and Culture at the time. The first time I met him, he actually came down to an event in Windsor to cut a ribbon on a local facility. Again, he voted in favour of the HST and very strongly supported the federal government giving Ontario \$4.3 billion to do that. They showed leadership, and they listened to the advice of the economists. The economists have been telling Ontario governments of every political stripe to do this for a number of years, and all of us resisted because it's challenging, but Premier McGuinty got it, and he said, "Look, we have to do this." We asked the economists, and if there's one thing we can do that can improve the economy and give us a better future, it's the HST. That's what they told us.

As you know, in law, we have a group of outside economists who advise us every year. They're the ones who give us advice, for instance, on revenue projections. Not only do our revenue projections in the budget reflect what the economists say; we actually set them below, to be cautious. In the Conservatives' platform, they've raised the numbers above what the private sector economists are projecting, which is dangerous, frankly, because we believe that you should be prudent and not overstate revenues. Governments in Canada did that for many years, governments of all political stripes, and that changed in the 1990s, because I think a political consensus evolved that we have to make sure that our revenue and expense projections are robust. In 2003, in their last budget, they weren't robust; there were plug figures used. There was an asset sale figure used. They didn't identify what it was, and it turned out that there was a hidden \$5.5-billion deficit, which our government dealt with, and we got back to balance and we balanced three budgets.

Then the downturn hit, and a lot of people at the time said, "Don't do the HST now. It's the wrong time to do

it.” I remember when times were good, they said, “Don’t do it now, because times are good and we don’t want to upset the apple cart.” I think now we’re seeing the benefit, and as time evolves and as more jobs are created, I think that we will enjoy more benefits in terms of jobs. Again, the Conservative Party’s expert at SCOFEA hearings from a few years ago said 600,000 net new jobs. I must say, there is a very robust debate as to how many jobs will be created. Everyone agrees that there will be jobs created. There is some debate as to the order of magnitude, which I think is legitimate—just like we talked about the pass-through. It’s really hard for our constituents to kind of grasp the concept of the pass-through, and it’s because under the old retail sales tax there was hidden tax on everything. You were paying tax upon tax upon tax upon tax. What the harmonized sales tax does is it unwinds all that, and that tax on tax on tax, which was hidden and very regressive, was passed on to consumers. What groups as diverse as the C.D. Howe Institute, Toronto Dominion bank economists and a whole variety of others have said is that in fact, when you undo that hidden tax through input tax credits—and that’s what the input tax credits are. Earlier this morning, the New Democrats asked about the restrictions on some of them. We did put restrictions on them because the size, the order of magnitude of the cuts, would make it difficult for us to do the personal tax cuts. There was only so much we could cut out and, at the same time, continue to invest in health care and education. So we put restrictions on a number of those tax credits for a period of time.

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What all the studies say and demonstrate is that in a competitive environment, those businesses pass on those savings. Again, there is a healthy debate as to how long that takes. The more optimistic studies say that it takes a year or less; the most pessimistic I’ve seen is about five years for that pass-through to happen. But as I showed you, we took that into account when we did the tax plan for jobs and growth by lowering personal taxes as well as providing a number of very significant tax credits. So in fact, we have provided relief to working families.

None of this, by the way, includes the clean energy benefit. That is not included in those numbers, and that is a significant savings to Ontario families as we transition from the old dirty coal-fired energy system to a cleaner, more reliable new energy system—because we recognize that. Governments of all political stripes over the years have tried to pretend that they can keep the price of energy artificially low. I think that most Ontarians understand that you can’t.

Somewhere back in the early 1960s, Ontario’s ability to meet its electricity demand through less expensive forms of energy, such as hydroelectric—we couldn’t do it anymore. There just wasn’t enough opportunity. In fact, our government has embarked on two significant undertakings: the Mattagami project, which is the largest new hydro installation in 40 years, I think, and of course Big Becky—and the drill finally made its way through a

couple of weeks ago. The Premier was there. This is something that governments have talked about for many years. That represents our best opportunity in hydroelectric.

The energy grid had fallen into disrepair. I think all of us know that there were constraints, particularly in southwestern Ontario, in terms of bringing more power on to the grid. So our government has taken a number of steps, first of all to pull us back from the brink. In 2003, 2004, 2005, we were literally on the brink of rolling brownouts—literally. And everybody knew it at the time. I remember the media were watching the temperature and the smog alerts and so on every day. “Is today going to be the day?” We’ve brought on enough new generation quickly to get us back from the brink.

Reliability is important, and a clean, modern approach to energy conservation. A cornerstone of that is smart meters. These save people money over time. To characterize them any other way is simply dishonest. That’s why they’re moving to them in the United Kingdom, in Italy, across Europe and across the United States.

Whenever you bring in something new, there’s going to be resistance. Somebody said to me they’re wanting to use the old-fashioned hydro meter. That basic technology on your old hydro meter was invented in 1909. If you ever tried to read it, well, first of all, it’s usually outside the house, at the back or at the side, and you can’t read it. Imagine going to the gas station, filling up and not being able to read the meter.

Our opponents want to characterize what we’re doing as making people do their laundry at 1 o’clock in the morning. That’s nonsense. It’s not like that at all. What most Ontarians don’t realize, because we’ve hidden this from them, is that the price of electricity varies every five minutes in Ontario. Right now, without smart meters and time-of-use metering, Ontarians can’t avail themselves of lower prices. They may choose not to, but why shouldn’t they have the advantage of being able to buy at lower prices?

Somebody said to me, “Relying on those old-fashioned hydro meters would be kind of like watching television on a black-and-white television with rabbit ears today,” and that’s accurate. That simplistic, negative, guttural, reckless approach will undermine our ability not only to conserve in individual households and for individual families—but what we call system savings. If we can move peak demand down by the way we manage our consumption through smart meters, we’ll have to build less new generation. We’ll have what the experts call a smart grid.

I had the opportunity to meet with Mr. Akerson, the CEO of General Motors world. He asked me how old I was, and I told him. He said, “Do you remember your first car?”

I said, “Yes.”

He said, “Is your car today different from your car back then?”

I said, “Absolutely.”

He said, “In the next 10 years, that evolution is going to grow exponentially, principally because of the power



train and what's going to drive the vehicle." More people are going to be driving electric vehicles, a lot more people—or at a minimum, hybrids. And you know what? They're going to have to power up every night.

So the reckless point of view is not to put in the infrastructure that will allow that growth to happen. The reckless point of view says, "Don't do what England's doing, don't do what Italy's doing, don't do what the United States is doing, don't do what most of the world is doing." The reckless point of view says, "Let's pretend none of this is happening." We reject that. That will cost consumers in the long run. It will cost them more. They will have less choice, they will have fewer options and they're going to have dirtier air.

The reckless point of view says, "Let's not encourage the growth of green energy in Ontario, much less the jobs associated with serving other markets." That's the reckless point of view. That is the negative point of view that can't see the future. That's the point of view that ignores what's going on in China, what's going on in Japan, what's going on all over the world.

Now, it takes different forms. Different jurisdictions make different choices, but the reckless point of view simply says, "Go back to fossil fuel and don't make the investments that you need to make in cleaner, greener energy." That's reckless. And that's about our kids' futures.

So in conclusion, we've laid out a tax plan for jobs and growth that's been endorsed by the federal Conservative government, that's been endorsed by some of the leading experts the Conservatives have brought to this table in the past at SCFEA, and we welcome that change. We're glad the opposition parties support us in that now.

We need to move forward. We need to lay out a clear plan, which we have done, costed and submitted to the auditor to cast judgement on the veracity of our numbers. We brought that about. We think it's the right approach. We think it's about a better future for our kids, and we think that that approach is far superior to a reckless approach that ignores reality and doesn't want to build a better future for our kids.

**The Chair (Mr. Garfield Dunlop):** Thank you very much, Minister. We'll now go to the official opposition. You have 20 minutes now, and you can begin to ask questions or make statements.

**Mr. Norm Miller:** Thank you, Mr. Chair. I guess I'll lead off where the minister ended up, where he was talking a fair amount about energy policy. He did, in fact, cite the C.D. Howe Institute, quoting them with regard to the HST. The C.D. Howe Institute actually released a study today, and it illustrates the high cost—in fact, it's called Zapped: The High Cost of Ontario's Renewable Electricity Subsidies. It really illustrates the reckless approach that the government has taken to their energy experiments and the cost it's going to have for families and residents in the province of Ontario.

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In fact, their report shows that the government's energy experiments—"This subsidy will result in addi-

tional costs to the average Ontario household of \$310 per year; ostensibly designed to reduce emissions and create jobs, Ontario's renewable electricity subsidy is an expensive way of meeting these goals."

They go on: "The drag of unnecessarily high electricity costs on the Ontario economy could be reduced if the province did not award any further subsidized contracts to renewable electricity generators."

I'd point out that the PC Party, through Changebook, is proposing just that: that these feed-in tariff contracts are just too expensive and will hurt Ontario families and will hurt Ontario business just too much, and we just cannot go on with this reckless approach that the government has.

In fact, the report goes on to point out that the cost of the feed-in tariff premium relative to natural gas, if you were generating the electricity with natural gas versus the feed-in tariff program, would be \$1.5 billion more per year. That's not just a one-year figure; that's every year, going forward, for the 20 years of the feed-in tariff program.

They go on to say:

"Cost to Electricity Consumers

"Ultimately, costs of subsidizing electricity will be paid by electricity users through higher electricity bills or by provincial residents in general through higher taxes than otherwise." We've been warning all along about the higher tax plan of the Liberal government. "Comparing the average FIT rate to the cost of purchasing electricity from newly built natural gas generators—about 11 cents per kilowatt hour—we find the expected annual excess cost of current and future FIT projects to be \$1.5 billion. This amounts to \$310 per Ontario household, based on 4.8 million Ontario households.

"The \$1.5-billion excess cost of renewable electricity could be reduced by two thirds to \$550 million if the province did not offer contracts for projects that are now in the pre-approval stage." That's exactly what Tim Hudak has proposed in Changebook. It goes on to say, "In some cases, their output must be purchased too, irrespective of demand. FIT electricity generation may therefore cause or exacerbate surplus supply of electricity relative to demand, creating system management problems and higher costs than otherwise."

Finally, they've been talking a lot about job creation, and they've talked a lot about 50,000 jobs. It says in the report, "While job creation is a major goal of the FIT program, with 50,000 jobs projected over six years, those jobs would be heavily subsidized by electricity users paying premiums for renewable energy. Taking the province-wide cost estimates above and the government's job creation estimates at face value"—so they're saying that there really will be 50,000 jobs created—"we estimate the subsidy to be \$179,000 per job per year." That's not a one-time figure for a job; that's every year—so that plant in Windsor is costing a lot of money.

"These estimates of the number of jobs—in construction, manufacturing and spinoffs—do not take into account two countervailing effects. First, many of the

people who would be employed by these projects would have had jobs anyway, meaning that jobs created from subsidies will have crowded out other jobs. Second, the higher electricity costs will raise business costs, resulting in fewer jobs than would otherwise have been created in the broader economy. The net number of jobs created therefore may be negative." So, in other words, you might create 50,000 jobs, paying \$179,000 per year, but you actually end up with net fewer jobs in the economy. That, to me, is reckless, particularly when the energy minister announced—as he was putting forward the energy experiments, he stated in the Legislature that the cost to energy users would be 1% per year. We now learn that the actual cost is \$1.5 billion a year, and there may be negative job creation.

I can say, when I travelled around with the finance and economic affairs committee this winter, when we were in Timmins, a very clear, stark demonstration of what higher electricity prices do—caused by these energy experiments—is the fact that the Xstrata smelter in Timmins had just moved, within the last year, from Ontario to Quebec, and the 700 jobs that that smelter provided, high-paying jobs, went with that smelter.

My question is, why are you recklessly driving the price of electricity up so business and families cannot afford to pay their bills?

**Hon. Dwight Duncan:** We reject Jan Carr's argument, and we think that he's biased towards a deregulated market and to fossil fuels—you just acknowledged that yourself. We're not. We think he's wrong. We think his assumptions are wrong. We welcome him back to the debate. He certainly didn't fit in with our group or our views.

Let me just talk to you a little bit about why we proceeded the way we have, because it is about the economy. When you deregulated the market, prices went up 40%. You left consumers hugely vulnerable. We were on the brink of brownouts. There had been no major investment in new generation. There are people who want it all to be gas and coal, and we understand you want to do that. We disagree. We do believe in building new energy through the feed-in tariff program, a program that's prevalent throughout a number of jurisdictions, having those feed-in tariffs come down over time.

Our electricity prices are still very competitive, around the middle range in North America. So to suggest we're out of line is false.

But I reject the notion of relying more on fossil fuel. I think it's wrong. I think we need more green power.

**Mr. Norm Miller:** Okay, I'd like to—

**Hon. Dwight Duncan:** Well, no. I haven't had a chance to respond—

**Mr. Norm Miller:** Sorry, I think you've answered the question—

**Hon. Dwight Duncan:** I just think your reckless question and false information propagated by an apologist for deregulated markets that hurt consumers—

**Mr. Norm Miller:** So you conclude that it makes sense to pay 80 cents for power that sells for five cents

**Hon. Dwight Duncan:** I do need an opportunity to respond to a question, Mr. Chair.

**The Chair (Mr. Garfield Dunlop):** Okay, guys.

**Mr. Norm Miller:** He's answered my question. I want to go on to the next one.

**Hon. Dwight Duncan:** It would be helpful if—

**Mr. Norm Miller:** Mr. Chair, I have limited time, and he refuses to come tomorrow—

**The Chair (Mr. Garfield Dunlop):** Minister, I think he—

**Hon. Dwight Duncan:** In your view, Mr. Chair, I have responded to his—

**Mr. Norm Miller:** He was supposed to. Even though he knew for months that he was supposed to be here, he's not going to be here tomorrow. I have limited time to ask questions, and I'd like to ask the questions.

**The Chair (Mr. Garfield Dunlop):** Minister, if you could let him go to the next question. He's satisfied with what you've already told him. Thank you.

**Mr. Norm Miller:** The next question is to do with the province's debt. The question is, are you concerned about the debt load that the province is building up? This morning, you said that you were proud of your record. That record includes being on track to double the debt of the province of Ontario. The interest, based on this year's budget, is \$10.2 billion a year; that's more than is spent on the whole post-secondary education sector, and it's on its way up. Numbers are going the wrong way. We have a credit agency, Fitch, recently downgrading Ontario's credit rating. Standard and Poor's has voiced skepticism over the ability of the Ontario government to meet its expenditure and wage constraint targets.

There's a recent article in the Toronto Star by Martin Regg Cohn on Ontario's scary debt numbers. He quotes the Ontario Financing Authority saying, "Unprecedented increase in new debt and refinancing leading to a substantial increase in both financing and interest rate risks in future...." That's a quote from the Ontario Finance Authority.

Martin Regg Cohn goes on to say, "The most daunting numbers compare Ontario's finances in 2003-04, when the McGuinty government took power, to the present day. Back then, Ontario's debt was a healthier 28% of GDP—with only the western provinces doing better.

"In 2010-11 the roles are reversed, with Ontario saddled by debt that has reached 36% of GDP—higher than any province except Nova Scotia and Quebec. On a per capita basis, Ontario is borrowing more debt than any province except New Brunswick—\$2,100 in 2010-11."

You said that you're proud of your record, and we're on track to double the debt. My question is, are you concerned about these debt numbers?

**Hon. Dwight Duncan:** I think that we responded to the worst downturn in Ontario's economy since the Great Depression. If you look at the federal numbers on debt and deficit, they went in the same direction. Governments in the Western world all responded similarly. Yes, we have moved up, relative to other provinces, but I



think we've passed one province in that time, and we have maintained our credit rating.

It was not a downgrade, with all due respect, and Fitch, by the way, is not a highly regarded agency. In fact, they do not even come in and look at our books on the inside, the way the other bond rating agencies do.

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I would point out, however, the National Post in its editorial on Monday of this week, speaking to your Changebook, I think you call it: "Ontarians who look beyond the bullet points, and do the actual math, will come away confused and disappointed." You're going to balance the budget in the same time frame we are and you've adopted most of our expenditure assumptions on education and health care, yet you've left a \$10-billion hole in your numbers.

**Mr. Norm Miller:** Mr. Chair, we're here to ask questions about the government's numbers, not—

**Hon. Dwight Duncan:** I think these numbers are very relevant, Mr. Chair, with due respect.

**The Chair (Mr. Garfield Dunlop):** Okay, we're getting into another area of policy here. Go to the next question, please. Mr. Clark?

**Mr. Steve Clark:** Again, you talk about the Great Depression. The debt you've doubled includes the Great Depression. It took 23 Premiers and I think it's 136 years; it took you and Dalton McGuinty eight years, and you sit here this morning and say that you're proud of that record. I've got that right? You're proud of that, but yet you lead us to believe a lot of things this afternoon. You talk about other people's records, yet you run from your own.

**Hon. Dwight Duncan:** Here's what Moody's said on May 17 about our economy: "The province's large, diversified and growing economy remains a source of credit strength, supporting a broad and productive tax base. The province's debt burden remains readily manageable, given its credit strengths."

Here's what DBRS said on May 3 of this year: "Ontario remains on track with its fiscal recovery plan.... While deficits are projected to continue for several years, better-than-expected results thus far and a supportive economic recovery have helped to lessen the impact on Ontario's debt-to-GDP ratio."

On April 20, Standard & Poor's said: "The affirmation reflects our view of the province's better-than-expected fiscal results.... The province continues to have excellent access to capital markets during and after the recession, as it's completed its borrowing program."

This is a strong province. Our debt and deficit levels are higher than any of us would like at the moment, as a result of the downturn, but investors worldwide are buying our bonds. We are paying less in interest today than we were when we came to office—

**Mr. Steve Clark:** So that's your licence to tax and spend more then, I guess?

**Hon. Dwight Duncan:** Mr. Chair, if I may complete the answer—they may not want to hear from the independent observers.

I'll just simply ask you: Will you put your numbers to the auditor the way we've put our budget numbers to the auditor? Will you do that, or will you continue with your Swiss cheese approach with big holes in the middle of the block?

**Mr. Steve Clark:** Tax and spend. That's all you do.

**Mr. Norm Miller:** Chair, if I can ask a question?

**The Chair (Mr. Garfield Dunlop):** Next question. Mr. Miller?

**Mr. Norm Miller:** Yes. This morning, you were responding to a question from the member for Nickel Belt in the third party. They were asking you about corporate tax cuts, and you stated that the third party's plan would be a tax increase "if you put it back on." I think I've got you correctly quoted in response to the member from Nickel Belt.

In your first budget, in 2003, you raised the corporate tax rate from 11.5% to 14%, and you did the same for the small business tax, so you would agree that that, in your first budget, based on your logic, was an increase.

**Hon. Dwight Duncan:** We had to undo the completely misstated last budget of your government. You left a hidden deficit of \$5.5 billion. We took appropriate steps at the time. We got the budget back to balance. We opened hospitals instead of closing them. We've hired nurses instead of firing them. We hired teachers instead of firing them. We've improved test scores and we've moved forward on a variety of public services, which you chose at the time not to do. We did what was appropriate at the time. It was an appropriate policy. We got back to balance. We also, by the way, over that period of time, eliminated the capital tax. We took a number of steps to make business education taxes more competitive, and when we put together our tax plan for jobs and growth, we now have brought forward these tax changes for corporations to help make them more competitive and to be able to do business so that Ontario's corporate tax rates are similar to other corporate tax rates in other provinces.

**Mr. Norm Miller:** So, in 2003, you broke your written promise not to increase taxes, and I hear your justification that in 2003—I actually sat in this committee in 2003 when Gerry Phillips was the finance critic, and in June of that year he correctly, I think, pointed out that, at that point, there was about a \$3.5-billion deficit with SARS, the blackout and other events happening that year. Of course, you formed government and then did nothing to try to control that spending and, through creative accounting, did manage to inflate that deficit. Instead of getting back to balance, you went the other way.

**The Chair (Mr. Garfield Dunlop):** You have four minutes, by the way.

**Mr. Norm Miller:** How much time?

**The Chair (Mr. Garfield Dunlop):** There are four minutes left.

**Mr. Norm Miller:** Four minutes? That's it? Okay.

This morning, you stated that despite breaking the 2003 promise of the Premier not to raise taxes—you stated that you were elected with a majority government

in 2007, despite breaking your promise not to raise taxes. Is that saying, therefore, that that's fine for the future, that that's what we can expect going forward? It doesn't matter that you say you won't bring in a carbon tax, despite the member from Toronto Centre asking for one, or that you won't bring in an education tax, despite the member from Don Valley East asking for one, or that you won't raise or increase the HST, based on your track record and bragging about the fact that you got elected with a majority government despite breaking your word.

**Hon. Dwight Duncan:** The people of Ontario—

**The Chair (Mr. Garfield Dunlop):** Three minutes, Minister. And if there are any more questions, I guess—

**Hon. Dwight Duncan:** You can let them keep asking questions, then.

**The Chair (Mr. Garfield Dunlop):** All right. Do you have any more questions you'd like to ask at this point? Then he can try to—

**Mr. Steve Clark:** Yes, absolutely.

**The Chair (Mr. Garfield Dunlop):** Then go ahead, and maybe he can sum them both up at the end.

**Mr. Steve Clark:** Just a quick question, Minister. I've received some information from some of my constituents regarding taxation changes that MPAC is proposing. Specifically for MPAC, I think the way they worded it in the communiqué was that, for MPAC to maintain current and equitable property values, they require income and expense information, including rental data.

I'm just interested to know, because it has been a bit of a surprise. I've worked in a constituency office, I've worked in municipal government, and it just seems strange that all of a sudden MPAC is now sending property income and expense questionnaires to community property holders, asking for very detailed income received, income rental loss, expenses—very, very detailed financial information.

It just seems to be passing strange that these are coming out and no one has any information on what's happening. Is this agency taking a different course in terms of how they assess properties? It's a mystery that no one knows about.

**Hon. Dwight Duncan:** Well, as I'm sure you know, MPAC is actually controlled by the province's municipalities. I'm not familiar with that. I haven't seen that. If you'd be—

**Mr. Steve Clark:** No, but, as the tax man, I would think you'd have an opinion on it.

**Hon. Dwight Duncan:** Well, there are different taxes in Ontario. We do have a property tax. The corporation's board of directors—you know, you can ignore facts and figures in your platform, but we're going to call you on that.

**Mr. Steve Clark:** I'm talking about these communications that people have been sent.

**Hon. Dwight Duncan:** This board is run by municipalities in Ontario. What I'm saying, Mr. Clark, is that I haven't seen that yet. If you'd provide it to me, I'll try to get you a response. I'm not aware of that.

**Mr. Steve Clark:** I'd be more than happy to.

**Hon. Dwight Duncan:** But I think you need to deal with facts, and the fact is, that board is run by municipalities.

Now, I do recall that when you guys brought in seven changes to the Assessment Act—

**Mr. Steve Clark:** I'm not talking about any history. I'm talking about—

**Hon. Dwight Duncan:** —that caused property taxes to go up. You had to amend your own legislation seven times. Is that what you're going to go back to? I don't think that's where Ontarians want to go.

**Mr. Steve Clark:** I'm asking you the questions.

**Hon. Dwight Duncan:** I'm just trying to respond to your question.

**Mr. Steve Clark:** No, you're not.

**Hon. Dwight Duncan:** It was your act, and now it's controlled by municipalities. We'll work with the board, and I'll be happy to look into your situation.

**The Chair (Mr. Garfield Dunlop):** Did you want to respond to Mr. Miller's question, too?

**Mr. Norm Miller:** That would be nice.

**Hon. Dwight Duncan:** I'm sorry, I don't remember what the question was.

**The Chair (Mr. Garfield Dunlop):** I don't recall it either. Sorry.

**Mr. Norm Miller:** Yes, that was about—this morning, you bragged that, despite breaking your promise in 2003 not to increase taxes, you were elected with a majority government, as if that means it's okay. You can break your promise and you still got elected, so that means you can break it again going forward—

**Hon. Dwight Duncan:** No, I think 2003 and 2007 were about your party's record, about your broken promises to not close hospitals, about the deception in your last budget, about the hidden deficit, about your failure to deal with real problems. People don't want to go back to that.

I look forward to having this debate outside of this chamber where people will see the facts again and be reminded and—

**Mr. Steve Clark:** People can't wait.

**The Chair (Mr. Garfield Dunlop):** And that brings us—

**Hon. Dwight Duncan:** Thank you, Mr. Chair.

**The Chair (Mr. Garfield Dunlop):** —to the conclusion of your 20 minutes.

We'll now go to the third party. You have the next 20 minutes. Mr. Tabuns.

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**Mr. Peter Tabuns:** Thanks, Minister. Minister, I just want to go back, because I realize I should have been a bit clearer on one question I had asked on income splitting. Do you and does your government support income splitting?

**Hon. Dwight Duncan:** We haven't taken a position on that at this time. We'll await the federal budget. As I say, we do have certain obligations that are decades long and standing. We'll undertake to get you that. But I think you asked valid questions. "What's the distribution of that?"



Who benefits from it? Who doesn't?" I think those are legitimate questions. But to this point, our government has not taken a position.

**Mr. Peter Tabuns:** Fair enough.

I'm going to move on to another subject area: insurance. Will the province ban credit scoring in setting insurance premiums and in determining eligibility for coverage?

**Hon. Dwight Duncan:** Well, we've already dealt with credit scoring in one area of insurance. We're looking at that. We're working with the industry and, most importantly, consumer groups. As I say, we've already taken steps. I was also very pleased with how much we've been able to hold the line on premium increases.

I won't give you that out and out undertaking now, but we have taken steps on the use of credit scoring in one element of insurance. We'll continue to work with consumer groups particularly as we move forward.

**Mr. Peter Tabuns:** So that I'm clear, you haven't taken a position on this at this point?

**Hon. Dwight Duncan:** We have been looking at the issue. We banned credit scoring on auto insurance—

**Mr. Peter Tabuns:** I understand that.

**Hon. Dwight Duncan:** On the other insurances, we're still looking at it; we're keeping an open mind to it.

Just a little more detail: As of September 2010, we have broadened the prohibition of credit scoring for auto insurance to include the quoting process. The use of credit scoring for underwriting and rating auto insurance is already prohibited. There is no similar prohibition for property insurance. The provincial regulator, FSCO, reviews any complaints from consumers about credit scoring for insurance.

I think it's important to have a clear understanding of what's happening in the marketplace. In order to get that, FSCO is now participating in a working group established by the Canadian Council of Insurance Regulators to gather the facts about the use of credit information by insurers, whether harm to consumers can potentially rise and whether the rules that currently exist protect consumers.

So we're very much engaged in this discussion, both here in Ontario and as part of the broader Canadian regulatory system. We've moved on auto insurance, and we will continue to work with other regulators as we move forward.

**Mr. Peter Tabuns:** Next question: We understand there's a push to limit benefits for the most seriously injured in auto accidents. There were changes to auto insurance last year. There was a fair amount of information about costs increasing for minor injury payouts and problems with fraud. There's an obvious question, then: Is there evidence, data, that would indicate that catastrophic coverage has become a problem or that costs for treating the most seriously injured are out of control?

**Hon. Dwight Duncan:** We've worked hard to ensure that auto insurance is affordable and available to all Ontarians. It's always a question of finding that balance of ensuring that Ontarians have adequate protection as well

as ready access to auto insurance. We brought forward a package of 41 reforms, ensuring that the system is affordable to the nine million who don't make claims and that more dollars go to accident victims rather than assessment and transaction costs. Between 2004 and 2009, the number of accidents stayed relatively consistent, but costs for exams and assessments increased by more than 250%. Medical treatment more than doubled.

Our reforms also helped to stabilize premiums. Drivers can choose coverage that best meets their needs. For example, drivers can choose their level of accident benefit coverage: \$50,000, \$100,000 or \$1 million. Ontario still has the most generous basic medical and rehabilitation benefits in Canada.

FSCO Q4 rate applications are out. They report an increase of 1.75%, following a decrease of 0.1% in Q3. Rates are stabilizing, and the plan is making progress. I should point out that rates are up less than 7% since 2003—rates which are much lower than the CPI for the same period: 12.5%.

I think our package of reforms strikes that balance between affordability and access to benefits. The number that I found most startling was the number of accidents. While the number of accidents stayed relatively consistent between 2004 and 2009, the cost for exams and assessments increased more than 250%. That cost all Ontario drivers and insurance premium payers a lot, and I think the steps we've taken get the right balance.

**Mr. Peter Tabuns:** I'll go back to my question, because you do have a lot of data. I'd ask if there's data that would indicate that catastrophic coverage has become a problem or that costs for treating the most seriously injured are out of control.

You noted an increase in overall medical costs. How much of that, if you can, relates to catastrophic injuries?

**Hon. Dwight Duncan:** I'll have to undertake to get back to you on that. I don't have those numbers readily available.

**Mr. Peter Tabuns:** Okay.

The change in insurance last September, and you just referenced it—reducing basic coverage, allowing people to go from \$50,000 to \$100,000 or \$1 million, as you said—have you done an assessment of the impact of those changes on the auto insurance system?

**Hon. Dwight Duncan:** I haven't seen one. I'm going to ask Phil Howell. Is Phil here? Phil, have we had a chance yet to assess any of that?

**Mr. Philip Howell:** Philip Howell, CEO of FSCO. The first part of the answer to that question: I think it's important to understand the way that the auto insurance system works. Basically, a chunk of people, about one twelfth of the insured population, renew their policies each month. Consequently, there is still about a quarter of the population who have not yet seen the reforms reflected in their premiums.

That doesn't mean that we haven't had some feedback on the impact of the reforms; we have. Although at this point—really, until we've got a full year under our belts—a lot of it is going to be anecdotal.

**Mr. Peter Tabuns:** So, at this point, you don't have a full year's worth of data to do an assessment of what the impact was of those changes.

**Mr. Philip Howell:** Indeed, that's right. So far, probably roughly a quarter, I guess, of drivers have not yet seen the impact of the reforms in their rates.

**Mr. Peter Tabuns:** I understand you're considering reshaping policy with regard to catastrophic impairment. Is that correct?

**Mr. Philip Howell:** The part of the auto reform package that the government approved a year ago, this past fall, included direction to me to strike a panel to look at catastrophic impairment definition. It's important to realize that the definition that was in play had no medical basis. Frankly, it was really just an arbitrary construct.

I was directed to strike a panel; I did that. The panel was chaired by Dr. Pierre Côté. It consists of very eminent—indeed, world-renowned—medical practitioners. They have submitted a phase 1 report to me on definition, and that's actually out for consultation right now.

Phase 2 of the report was, I believe, supposed to be submitted today. It looks as though that's going to be a few days later this week. I haven't seen phase 2. Phase 2 deals with the qualifications of people who should be able to determine catastrophic impairment.

**Mr. Peter Tabuns:** Okay. So, at this point, you're waiting for all of those reports to come in before you are considering any further changes to the insurance system. Is that correct?

**Hon. Dwight Duncan:** Well, if I may, not just the reports coming in. Again, as Mr. Howell has pointed out, once we get those recommendations, we then in turn consult about them. So we'll handle this in a similar fashion to the way we handled pension reform and other reforms.

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It's a highly contentious issue. We have attempted to engage the best medical minds available. Once we have that—it's like the work Professor Arthurs did—we will go out and get people's feedback to those recommendations so that there is a fully canvassed option, where people have had a chance to respond, before the government moves to implement.

**Mr. Peter Tabuns:** Can I go back to the changes that were made, the options to have \$50,000 coverage, \$100,000 or \$1 million? What is the impact of those changes on the revenue of the insurance companies—sorry, not the revenue, the profitability of those insurance companies?

**Mr. Philip Howell:** I don't have the answer to that.

**Mr. Peter Tabuns:** Would you be able to provide this committee with that answer in the next week or two?

**Mr. Philip Howell:** First of all, the profitability of the insurance companies as reported is going to cover all their lines of business, which include property insurance; it's also going to include their business in provinces other than Ontario. So results aren't reported in that way, and I don't really think that the question, as asked, is something that could be determined.

What will determine a company's profitability overall is going to be their claims costs. The issue is what happens to total claims costs to the companies, and that's what matters in determination of the profit. It's not going to be recorded or reflected in terms of summing up individual claims.

**Mr. Peter Tabuns:** Do you expect that with—I'll take the \$50,000 liability limit. Do you expect, as a result of changing that limit, that there will be an extra burden on the health care system in Ontario?

**Mr. Philip Howell:** No. It's important to understand—and I think this is one of the great misconceptions about the auto insurance system in this province—that it's largely a privately delivered health care system. Virtually none of the treatments that are provided for almost all injuries, well over 95%, are things that are not covered by OHIP. They're paid for and privately delivered. It's disconnected.

In terms of understanding the auto insurance system, I think what is very important is that people understand it's essentially a closed system. Claims costs drive premiums.

**Mr. Peter Tabuns:** I don't have a further question on this, but I just want to say that I had the opportunity in the last year to have a constituent come into my office who had been run over on one of the streets in my riding—a young woman in her 20s, very badly injured, in need of extensive physiotherapy and support beyond the everyday support that you would get in our health care system. She didn't have any source of income and depended on the insurance payout. I believe that she was covered under a previous limit, so it was \$200,000. She went right through that, still was not fit to work and essentially was in a position where she could not get on with her life in any way that we would recognize as dignified or acceptable.

I have to say that these numbers worry me because I suspect that those of us who sit around the table, who go to constituency offices once a week, will increasingly encounter people who will not be able to get the medical care they need. Your description was very good: There does seem to be this system of services outside of OHIP. But if the amount of money that's set is so low, there will be people who won't get enough coverage to live the kinds of lives they need to be able to live, if they're unfortunate enough to be caught in an accident.

If you could comment, since you regulate this—

**Mr. Philip Howell:** Just a couple of comments: Obviously, there are many examples of quite tragic accidents. Again, one of the difficult things in the face of those individual tragedies is for people responsible for making decisions around the nature of that system to understand this closed nature of the system.

So yes, one could, I suppose, respond to individual circumstances, make the system extraordinarily rich in benefits. But remember, the people who are paying for that are the nine million drivers. It's that closed nature of the system that's important to keep in mind.

The second comment I should make is that part of the reforms—and this was interesting because it hadn't been



done before in Ontario—including giving individuals more choice in terms of the coverage they buy.

**Mr. Peter Tabuns:** Yes.

**Mr. Philip Howell:** I think the reality of auto insurance is most people think they're never going to need it for a personal accident, but the fact is that the system does allow that people, if they think that risk is significant, can buy the coverage that will cover them.

**The Chair (Mr. Garfield Dunlop):** You have three minutes, Mr. Tabuns, please.

**Mr. Peter Tabuns:** Okay. Thank you, Mr. Chair, and thank you, sir, for those answers.

Minister, on another matter: The negotiations between Canada and the European Union on trade agreements will have some significant impact on Ontario. Is Ontario making it very clear in these talks that our domestic procurements for the Green Energy Act are not on the table?

**Hon. Dwight Duncan:** First of all, Ontario supports the discussions that are going on. Our procurement policies in the Green Energy Act were brought in at a time that those discussions, I think, had already commenced. While I am not involved in the day-to-day negotiations, I can tell you that we feel that the Green Energy Act requirements and the feed-in tariff requirements will stand up.

But again, I'm not the minister responsible for that. I'm not involved in the day-to-day negotiations. I'd refer that to the Minister of Economic Development and Trade.

**Mr. Peter Tabuns:** That's her purview. Okay.

The rise in gas prices—I noticed when you did your economic studies that you looked at the cost of oil. Have you looked at the cost of natural gas and its impact on home heating, hydro and the operation of economy, and what are you projecting at this point?

**Hon. Dwight Duncan:** The price of natural has actually come down quite dramatically in the last seven years.

**Mr. Peter Tabuns:** I know that, but I also know there are some changes that are happening in the—

**Hon. Dwight Duncan:** There's the finding of shale gas. I don't know if we have an actual projection on natural gas prices going forward. They are an important component of the economy. The price of natural gas is down considerably over the last number of years.

Do we have a projection, Deputy, on the price of natural gas—

**Mr. Peter Wallace:** I don't think we actually forecast it directly in the sensitivity table. We include oil as the leading indicator for the price of fossil fuels.

**Hon. Dwight Duncan:** We have that at \$118 a barrel, and the last time I looked at the average, so far this year, it's been at about \$121. So there's a variety of variables, but I haven't seen a forecast for the price of natural gas.

**Mr. Peter Tabuns:** Okay. I'm done. Thanks.

**The Chair (Mr. Garfield Dunlop):** Okay. Thank you so much, third party.

We now have the remaining time going to the Liberal caucus. You have about 10 minutes, Ms. Pendergast.

**Ms. Leeanna Pendergast:** Thank you, Chair. Minister, I have so many questions and very little time, so I'd like to try to maybe hit the top three questions I'd like to touch on. Anyway, these are the three questions that I hear from my constituents and people as we travel the province in committee.

The first one I was hoping you could speak to refers to the debt retirement charge. I try to explain it the best I can, but I'd love to hear you explain, Minister, about the amount of money that's been collected, so the \$8.7 billion versus the \$7.8 billion that was predicted for the residual stranded debt. If you can explain to us, please, why this residual stranded debt has not been retired and the DRC ended.

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**Hon. Dwight Duncan:** Certainly. The debt retirement charge was slapped on every Ontarian's energy bill as a result of the previous PC government's failed restructuring of the electricity sector. From 1999 to 2003, the previous government further added to the stranded debt \$1 billion. The true debt of the hydro restructuring—that is, the unfunded liability—was \$20.6 billion when we took over in government in 2003. Through strong fiscal management, our government has steadily reduced the stranded debt by approximately \$1 billion in each of the last six years.

The stranded debt is currently \$5.7 billion lower than it was in 2003. This decrease means that the annual interest costs on the debt retirement charge have been reduced by about \$408 million. The Ontario Electricity Financial Corp. is projecting stranded debt to be paid down by \$1.4 billion in the year 2010-11, the year just ended. We are on track to eliminating the debt retirement charge sometime between 2015 and 2018, at which point it will be removed from all bills. So we have in fact been decreasing it every year.

**Ms. Leeanna Pendergast:** Thank you. I wanted to go back to what you were talking about in the Green Energy Act, if you don't mind, Minister. You mentioned earlier that the Conservative platform is dangerous and, you mentioned, reckless. I am concerned—from a rural riding as well, and my colleague, Ms. Van Bommel—that the Progressive Conservative Party has announced that they would tear up the Green Energy Act. We've heard in the House time and time again that they would do the same to the Samsung agreement. We've heard again from them that they would do that to the microFIT program, which the farmers in my riding depend on, as do families. What would that mean? I know that you've covered some of this in your answers but if you could just go back over, Minister, please, what that would mean in general to Ontario's green energy sector.

**Hon. Dwight Duncan:** First of all, we have in fact created the feed-in tariff, which benefits farmers. Yes, we do pay a higher price for the power. It represents a very small percentage of our installed capacity. There are those out there who try to portray it as having a major impact on the price of overall power. They tell you about that for a very small portion of our supply mix. They

forget to tell you that the price of power coming out of Niagara Falls is under one cent per kilowatt hour. You've got to look at all of these factors. You also have to look at the transmission costs as well as the distribution costs. They're all important.

But we're trying to achieve two public policy objectives here with the Green Energy Act, with the Samsung contract. The first is to have a cleaner, greener and more reliable electricity system. The second is an economic development part of it. It helps farmers on the one hand. A farmer can have a windmill on his farm, be paid a lease rent for it to use the land and still farm the field. That's why it's been so popular with many farmers.

On the economic development side, our objective is to not just install these new forms of electricity but also to manufacture the components that go into them and to export those components, creating a new market. I just might take you through a few interesting—here are jobs that have already been announced and that are in development in Ontario, which the Conservatives would cancel:

- the Samsung-CS Wind tower plant in Windsor, 700 jobs;

- the Siemens turbine blade plant in Tillsonburg, 900 jobs;

- Canadian Solar's panel manufacturing plant in Guelph, 500 jobs;

- Fronius' solar inverter plant in Mississauga, 100 jobs;

- Silicon Solar module plant, 175 jobs. I just had the opportunity to do the opening of that plant. By the way, more than half the people they hired were hired off the welfare rolls in Windsor, just to put that into context for you. I applaud the city of Windsor's welfare department and social service department for working with us;

- Canasia solar panel manufacturing plant in London, 300 jobs;

- the ATS solar facility in Cambridge, 150 jobs;

- Solar Semiconductor's plant in Oakville, 200 jobs;

- the Samco racking plant in Scarborough, 60 jobs;

- the JNE and Daqo Group panel assembly plant in Hamilton, 300 jobs;

- the WindTronics small turbine plant in Windsor, 170 jobs;

- the Silfab solar module plant in Mississauga, 200 jobs;

- the Sustainable Energy Technologies/Melitron in Guelph, 300 jobs; and

- the SunEdison panel manufacturing plant in Newmarket, 100 jobs.

There's more, and we can talk about more of those.

Governments around the world are all doing things to incent this. Some of them are using different policy instruments to do it, but it's happening everywhere, because we know that over the course of the next decade, this is going to be a major area of economic growth. There is, I think, an overwhelming desire on the part of most of us to reduce, or to clean up, I should say, our energy footprint. We've also had to make enormous investments in transmission to bring our system up to date,

and that's why smart meters are part of it. So, the twin objectives: (1) clean up our environment and (2) an economic development proposal. I guess the third point I would make is that farmers do tend to be among the largest beneficiaries.

Should Mr. Hudak be elected, those jobs will be gone, and our ability to compete in the world and export those technologies will be lost as well.

**Ms. Leeanna Pendergast:** That sounded like thousands of jobs that you were going through, and you said you're not even done yet; there's more. So we're talking about thousands of jobs, then.

**Hon. Dwight Duncan:** There are more: a total of 50,000 jobs, we estimate, as a result. Again, it's a growing area and it's an area that we think Ontario should lead in. We shouldn't just fall back and kind of turn a blind eye to what the future is.

**Ms. Leeanna Pendergast:** And so, Minister, you're saying that 50,000 jobs will be lost in Ontario—

**Hon. Dwight Duncan:** That's correct, yes.

**Ms. Leeanna Pendergast:** —if the Progressive Conservative Party were to go ahead and do what they're saying about scrapping the Green Energy Act.

**Hon. Dwight Duncan:** Yes, absolutely, and let me give you some other—

**The Chair (Mr. Garfield Dunlop):** Parliamentary assistant, you've got two minutes.

**Ms. Leeanna Pendergast:** Thank you, Chair.

**Hon. Dwight Duncan:** Let me just give you some other quotes, because the Conservatives use quotes for advocates of more fossil-fuel burning.

"Mr. Hudak should not be making policy statements that will hurt working families in Ontario." That's John Grimshaw of the International Brotherhood of Electrical Workers.

"Ontario's solar manufacturing industry has grown more in the last year than any other sector of manufacturing.... The result is a stronger province, clean energy and jobs for people in the communities where they live—often those hardest hit by the recession." That's Elizabeth McDonald, the president of CanSIA.

"This industry is right now driving much-needed job creation in places like Windsor and Niagara while reinvigorating this province's proud manufacturing tradition.... Any failure to ... respect signed contracts would cause investors to lose faith in the Ontario market, ultimately putting jobs and investment at risk at a time when this province needs both." That's Robert Hornung, the president of CanWEA.

The Green Energy Act and the Samsung deal represent important steps forward in developing a new industry. Our overall energy plan—and by the way, we've laid out a 20-year plan to say where we're going to get our power from, what we estimate the cost to be, what we're doing on the demand side, what we're doing on the supply side, so that we have a cleaner, more reliable energy system for the future. Interestingly, what we've discovered is that the average rise in prices over the next 20 years on an annual basis will be approximately what it has been over the last 20 years.



The final piece I would make is, to help people transition, we created the Ontario clean energy benefit, which the Hudak Tories would get rid of. We just think that's a mistake.

**The Chair (Mr. Garfield Dunlop):** Okay. You've got time for just a quick one.

**Ms. Leeanna Pendergast:** You're sure?

**The Chair (Mr. Garfield Dunlop):** Yes.

**Ms. Leeanna Pendergast:** I just want to take you back to a comment you made this morning. You talked about a multi-billion dollar hole in the PC platform. Do you think the people of Ontario will be fooled by that, Minister?

**Hon. Dwight Duncan:** No, I don't. Let me just read some of the quotes, even from fairly conservative commentators. Here's what Michael Den Tandt, from the Toronto Sun, had to say: "Hudak's campaign document, Changebook, is as mamby-pamby as its name. It is a collection of vague bromides stitched together with a

smattering of weakly stated promises.... Changebook really should be called Statusquobook.... As a campaign platform, it is truly pitiful." That's the Toronto Sun.

**The Chair (Mr. Garfield Dunlop):** That, Minister, concludes your time.

**Hon. Dwight Duncan:** Okay. I've got others I could read into the record—

**The Chair (Mr. Garfield Dunlop):** I would suggest to you that the campaign's on.

Okay, ladies and gentlemen, that will conclude our estimates committee. Minister, I want to thank you for your time.

**Hon. Dwight Duncan:** Thank you.

**The Chair (Mr. Garfield Dunlop):** And to all the staff at the Ministry of Finance, thank you so much, and to all the committee members.

With that, we'll adjourn the meeting.

*The committee adjourned at 1800.*





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